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Europeans Remember A War's End 80 Years Ago

By Charles Trueheart
Washington Post Service

PARIS — Eighty years after the end of the war that was supposed to end all wars, four generations of Europeans broke from their routines on Wednesday to remember the millions who died in the bloodied trenches and poisoned clouds of a harrowing struggle.

Queen Elizabeth II of England joined President Jacques Chirac of France at solemn ceremonies in Paris to lay wreaths at the Tomb of the Unknown Soldier beneath the Arc de Triomphe.

Standing by their century-old faces creased and impassive, were a few of the able-bodied survivors of an awful war that most European schoolchildren, and many of their parents, know only dimly from stone monuments, fields of crosses and the fading tales of their elders.

The deep respect for ancient sacrifice was palpable among the witnesses to the wreath-laying, but there was no false sentiment about a glorious cause.

Asked what she knew of the event being remembered, a teenage girl watching on the sidelines said, "It was a stupid war." Her comment matched that of a French veteran, Robert Gelineau, 101, who declared, "It was a useless war."

Queen Elizabeth said later, speaking in French: "Let us build together, and with others, a Europe where the men and the women of tomorrow



Queen Elizabeth II and President Jacques Chirac of France standing Wednesday at the Tomb of the Unknown Soldier in Paris.

will live in freedom and in peace." Later in the day the queen went to Belgium, the other main battle theater of the Great War, to remember the dead at Ypres alongside Albert I, King of the Belgians, and Mary McAleese, the president of Ireland. More than 8.5 million English, Irish, British Commonwealth, Belgian, Italian, American, Russian, German

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A Russian Calls for Quotas on Jews

By David Hoffman
Washington Post Service

MOSCOW — Albert Makashov, the Communist member of Parliament who has inveigled against the Jews as the source of Russia's economic malaise, set off a new war Wednesday by calling for quotas on the number of Jews in Russia and denouncing a television correspondent as "worse than the worst of the yids."

Mr. Makashov's blatantly anti-Semitic remarks have not been repudiated by the Communists and their leader, Gennadi Zyuganov. Rather, Mr. Zyuganov has responded by attacking the news media and Russia's wealthy tycoons.

The exchanges in recent days underscore how Russia's economic hardships have spawned a bitter round of ethnic scapegoating. Such virulent anti-Semitism had been rare in post-Soviet Russia but appears to have taken on a new dimension with the country's difficulties since the Aug. 17 devaluation of the ruble.

The Makashov remarks have also suggested that Mr. Zyuganov's party is flying apart. Some leading Communist members have distanced themselves from the general, who helped lead the violent revolt against President Boris Yeltsin in 1993. But Mr. Zyuganov has stood by Mr. Makashov and refused to repudiate his remarks.

The lower house of Parliament, the

State Duma, which is dominated by the Communists, also refused to discipline Mr. Makashov.

A subplot in the controversy is the Communist fire at the wealthy Russian business tycoons who have come to prominence in recent years, most of whom are Jewish, as are many of the free-market reformers. The tycoons also control two of Russia's biggest television channels.

In his statements, Mr. Makashov has echoed the anti-Semitism of earlier generations, saying that Jewish money men were behind Russia's suffering. On Wednesday, he attacked Boris Berezovsky, one of the magnates, who has control of

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Tensions Mount In Jakarta as Students Defy Troop Presence

JAKARTA — A car carrying student activists plowed into a group of riot officers Wednesday, injuring nine and prompting enraged soldiers to fire warning shots and club protesters demonstrating against a controversial government assembly.

It was the second day of violence during a meeting of Indonesia's highest legislative body, once an instrument of former President Suharto's authoritarian rule and now the self-appointed promoter of a transition to democracy.

Protesters say the People's Consultative Assembly is not serious about reform and is only using the promise of democratic change to maintain the old political order.

The incidents were likely to heighten tension in the Indonesian capital, where about 30,000 police and soldiers are guarding the assembly as it draws up rules for parliamentary elections in 1999.

President B.J. Habibie, a longtime protégé of Mr. Suharto who has legalized political parties and made other democratic reforms, opened the four-day meeting Tuesday. Critics suspect



Indonesian soldiers tending to an injured colleague Wednesday in Jakarta after a car carrying student protesters plowed into a security cordon.

that Mr. Habibie, who is expected to stand as a presidential candidate next year, may be maneuvering to consolidate his power.

After nightfall, troop presence was heavy in some areas of Jakarta, with dozens of soldiers deployed near the home of the U.S. ambassador, Stapleton Roy, and other streets where protesters had marched.

Earlier, several thousand students

tried to march to Parliament, but hundreds of troops blocked their way on a main thoroughfare near luxury hotels and foreign embassies.

The standoff turned violent when a red Volkswagen driven at high speed by a student hit the soldiers. Nine soldiers were hospitalized, state-run television reported. One was dragged away un-

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France Sets Out to Educate Future World Leaders

By John Vinocur
International Herald Tribune

PARIS — France is launching an attempt to win a role in educating the future leaders of the world, and seize a share of what it calls an Anglo-Saxon-dominated market worth tens of billions of dollars a year.

The inauguration Thursday in Mexico City of a trade show run by Edufrance, a new government-sponsored agency, signals both French eagerness to move quickly into the market and the government's concern about the extent to which the country has declined as a training ground for what it calls the global elite.

The agency is meant to lead France past Britain and to the level of the United States in terms of the number

of foreign students, in the space of four years. It will both recruit students on an individual basis and try to win the attention of international agencies financing education programs.

A French plus might be an advantageous price for the cost of university study. But the role of English in making France a competitive force — or how France would manage without it — was left vague. An Education Ministry official, when asked how English would fit into the vast plan, quoted a mildly ambiguous remark by Education Minister Claude Allègre saying that "English is no longer a foreign language here."

In setting out Edufrance's undertaking, a joint paper issued by the Foreign and Education ministries estimated that the 560,000 foreign students in the United States meant more than \$7 billion a year in revenue.



UN personnel leaving Baghdad on Wednesday, as the body evacuated more than 230 staffers, including all 103 remaining weapons inspectors.

Clinton Warns Iraq as U.S. Readies Possible Air Strike

Baghdad Shows No Sign of Yielding on Inspections

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Bill Clinton pointedly warned Iraq on Wednesday to stop interfering with the work of United Nations weapons inspectors, saying that it was not too late for President Saddam Hussein to back down but adding bluntly, "We must be prepared to act if he does not."

Giving weight to the president's words, the United States pressed forward Wednesday with broad military

The UN evacuates more than 230 staff members from Iraq. Page 10.

preparations for a possible air attack on Iraq. It also urged nonessential U.S. diplomats and their families to leave Kuwait and Israel in case of Iraqi retaliation, possibly with Scud missiles.

The British Embassy in Kuwait followed suit, authorizing nonessential staff and dependents to evacuate.

In Jerusalem, Israeli radio said that gas mask distribution centers would be opened to the public Thursday.

As the tension mounted, however, Baghdad remained defiant, giving no sign that it would reverse its decision to halt UN arms inspections.

Mr. Clinton, speaking at a Veterans' Day observance at Arlington National Cemetery in Virginia, said: "We continue to hope, indeed pray, that Saddam will comply. But we must be prepared to act if he does not."

The warning, part of Mr. Clinton's most extensive comment on the crisis, was apparently aimed at preparing the public for a possible attack.

It came a day after Defense Secretary William Cohen cautioned Iraq that "time is running out." Mr. Cohen has ordered 129 additional warplanes, including 18 B-1 and B-52 bombers and 12 F-117A stealth strike planes, and more than 3,000 ground troops to the region. He has directed a naval battle group led by the aircraft carrier Enterprise to speed its arrival in the Gulf by three days. In all, 300 U.S. aircraft will soon be in the region.

In addition, two Patriot missile batteries capable of shooting down Scud missiles will be sent to protect moderate Gulf states.

The buildup will bring U.S. forces in the region near the formidable levels reached early this year, in the last confrontation with Iraq.

American officials indicated Wednesday that their hopes for a diplomatic solution were waning; the evacuations were seen as a reflection of that.

Diplomatic efforts continued, however. The UN Security Council was

Bombing May Be Heavy

Sustained Raids Counted On to Foil Saddam

By Joseph Fitchett
International Herald Tribune

PARIS — Western officials framing the military options against Iraq say that heavy, sustained air attacks can prevent large-scale Iraqi production of biological or chemical weapons and therefore offer the best hope of avoiding an Iraqi arms breakthrough now that the UN inspectors are gone.

This viewpoint clashes with that of some experts, reportedly including high-ranking officers in the Pentagon, who are skeptical that airpower can neutralize Iraq's potential for building weapons of mass destruction. They point out that the country's leadership has learned hard lessons of concealment and survival from previous attacks led by the United States.

But, Western officials said Wednesday, Washington and its key European allies have concluded that United Nations arms inspections can never be completed because they were disrupting an elite intelligence apparatus that both procured weapons and held together the personal power system of Saddam Hussein, the Iraqi leader.

Unfettered by any UN monitoring in the country, Iraq could be making biological weapons within weeks, chemical ones within months, a British official said. That leaves concerned governments no realistic alternative to heavy bombing to cripple Iraqi clandestine weapons capabilities and prevent factories from restoring their output of biological and chemical arms material, he added.

Nuclear weapons are not an immediate threat, because Iraq's fissile materials have been removed and any new program would require big, detectable facilities. But officials said that Iraq probably still has a dozen missiles that could be brought out of hiding and quickly made operational enough to reach targets anywhere in the Gulf or Israel.

Airpower is unlikely to locate the materials that eluded the UN inspectors since the arsenal of chemicals, germs and missiles could be concealed in a two-bedroom house anywhere in Iraq. Instead, the goal is to prevent Iraq from being able to augment its arsenal to become militarily significant, the

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AGENDA

Victims of Investment Scam March in Beijing

Prompted by official acknowledgment of an investment scam, protesters marched through Beijing on Wednesday. It was a last-ditch demand for justice from a government that has distanced itself from the multimillion-dollar futures scam. Page 10.

NATO Condemns Kosovo Shootings

The North Atlantic Treaty Organization expressed great concern Wednesday at the deterioration of the shaky truce in Kosovo, and strongly condemned the recent shootings regardless of which side provoked them, a NATO official said.

NATO has no armed presence in Kosovo and a planned verification mission of 2,000 unarmed observers is still not fully in place. Page 4.

Hurricane Recovery

As they calculate the long-term damage caused by the hurricane designated Mitch and its aftermath, Honduras and Nicaragua are beginning to lay the groundwork for a monumental reconstruction project. Page 3.

The Dollar			
	Wednesday @ 4 P.M.	previous close	
DM	1.6765	1.6838	
Yen	121.785	122.365	
FF	5.6268	5.6467	
Pound	1.8632	1.859	
Dollars per pound			
The Dow			
	Wednesday close	previous close	percent change
Dow	8,293.82	8,293.82	-0.45%
S&P 500	1,120.97	1,120.97	-0.65%
Nasdaq	1,862.16	1,862.16	-0.19%

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Israel Cabinet Approves Deal On Pullout but Adds Conditions

JERUSALEM — After two weeks of delay, the Israeli government narrowly ratified the Wye River peace accord with the Palestinians on Wednesday, but only after attaching provisions to the decision, including a threat to annex parts of the West Bank if the Palestinians fail to honor the agreement.

The accord was approved by eight of the 17 ministers at the end of a seven-hour debate. Five ministers abstained and four voted against approval in what appeared to be a political blow for Prime Minister Benjamin Netanyahu, who had expected broader support.

The agreement, which was supposed to have come into effect Nov. 2 but has been held up by Israeli demands for

further security guarantees from the Palestinians, will now go to the full Knesset, Israel's Parliament, next Monday and Tuesday, where endorsement is considered almost certain.

In announcing the cabinet approval, Mr. Netanyahu invoked the need to protect "vital national interests" as a reason for attaching conditions, which include the strengthening of Jewish settlements in disputed areas and demands that Palestine reaffirm the removal of anti-Israel clauses from its covenant.

"We reserve the right to apply Israeli law to the security areas, to the Jerusalem area and the area of the settlement and to other things that are accepted as vital national interests of Israel," he said.

The chief Palestinian negotiator, Saeb Erakat, denounced the conditions and

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Newstand Prices	
Bahrain	1,000 BD Milla 55¢
Cyprus	C £1.00 Milla 2500 Milla
Denmark	17 DKr 1,250 OR
Ireland	12.00 FM Qatar 10.00 OR
Italy	1,000 Lit 1,000 Lit
Great Britain	UK £1.00 Saudi Arabia 10 SR
Egypt	2E 5.50 S. Africa R18 Incl VAT
Jordan	1,250 JD U.A.E. 10.00 Dh
Kenya	K Sh 180 U.S. Ml (Est) \$1.20
Kuwait	700 Fils Zimbabwe Zim \$40.00

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A City on the Mend/ Life After Mayor Barry

Washington D.C. Is Verging on a Rebirth

By Michael Janofsky
New York Times Service

WASHINGTON — The District of Columbia is recycling trash again. Work crews are busy fixing streets. New parking meters have replaced their vandalized ancestors. For the first time in years, residential real estate prices are rising.

In small ways and large, the capital of the nation is on the mend. A new decade of financial chaos, rising crime rates and spiritual malaise has given way to balanced budgets, business expansion, safer streets and the possibility of true reform in the city government.

Many problems persist, of course. The District Police Department is still a work in progress, with a new chief addressing past inefficiencies. Many of the city's public schools need better teachers and smaller classes. Budget projects reflect a need for \$500 million a year in additional help from the federal government to cover expenses.

And racism in a city where blacks constitute a 57 percent majority remains near the surface. When two white candidates won seats on the city council last week to give whites a majority for the first time, many blacks around the city, including the outgoing Mayor Marion Barry, raised concerns about a white majority not being sensitive to black concerns, like maintaining a summer jobs program and preserving the city-owned hospital that serves a large portion of the poor community.

But even with those challenges, many local officials, including Mr. Barry's successor, Anthony A. Williams, 47, are predicting that the city is well beyond the worst of times and that the sunset of Mr. Barry's career is ushering in a new era for the city, its politics and its residents.

"On a scale of zero to 10, with 10 the best, I'd say we're at 5 and climbing," said Mr. Williams, a Democrat, whose victory last week has given rise to much of the optimism now pervading the city.

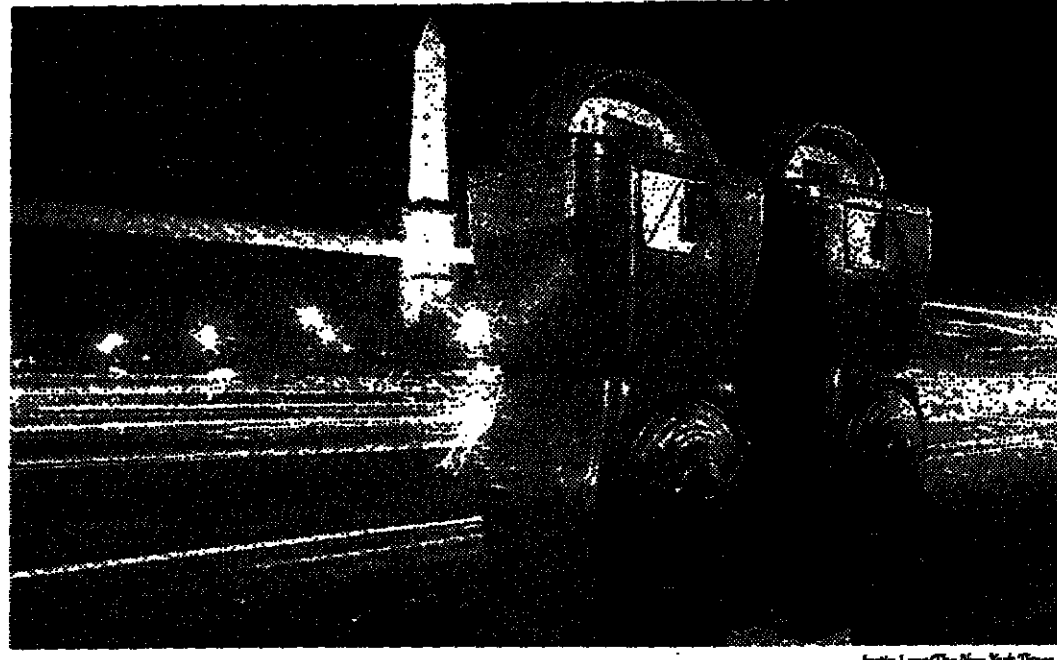
Even Congress is impressed. "The city is moving in the right direction," said Representative Thomas M. Davis 3d, a Republican from Virginia, who has been involved in district matters in the House for the past four years. Of Mr. Williams, he added: "Our job now is to give him the tools he needs to succeed."

Just as the new mayor promises to be different in style and effectiveness from Mr. Barry, who is retiring after 16 years in office over the last two decades, the city itself has changed.

Four years ago, on that same scale of municipal viability, the district would barely have nudged a one. The city was mired in debt and deficit spending. Service agencies were broken. Violent crime was rampant. Mr. Barry blamed his predecessor, Sharon Pratt Kelly, for all the problems, and she blamed him.

Congress stepped in to change much of that. With Republicans in control for the first time in 40 years, lawmakers created a financial control board in 1995 and stripped Mr. Barry of virtually any meaningful role in running the city. The positive results proved to be unambiguous.

The control board is now ready to shift authority for running the city back to the new mayor upon his inauguration on Jan. 2, and if the city can balance its



New parking meters near the Washington Monument symbolize the District of Columbia's new success in treating urban ills. Although much work lies ahead, many city officials say the city is well beyond its worst times.

budget for two more years, the control board has a mandate to shut down.

It was Mr. Williams's role in the revival that brought him to the attention of voters. Hired as the city's chief financial officer in October 1995, he mediated between the control board and city leaders, vowing to resign within a year if he could not straighten out the mess. In general, he recommended tough decisions to set the city's finances straight, and for the most part, the control board agreed with him despite Mr. Barry's frequent objections.

UT AS a lifelong bureaucrat, Mr. Williams had never contemplated running for office and certainly not in a city where Mr. Barry held almost Svengali-like sway over much of the electorate since his first run for mayor in 1978.

A series of events changed all that. The district's problems through the early 1990s had quietly led to a shift in the electorate. An increasing number of middle-class families, most of them black and many of them supporters of Mr. Barry, left for the better schools and safer streets of the suburbs.

While that continued, an overall population decline that began in the 1950s and included many white families also narrowed the gap with whites, who have been a minority in the district since the late 1950s.

Whites now account for about 32 percent of the city population, an increase from 29 percent in

1990. Blacks make up about 57 percent, a decrease from 60 percent in 1990.

The white influence never seemed more pronounced once Mr. Barry announced in May that he would not seek re-election. Soon, three leading members of the City Council — Harold Brazil, Kevin P. Chavous and Jack Evans — declared themselves candidates to succeed him. But none had a distinctively sharp political persona, and many voters regarded them as part of the problems.

In district political circles, Mr. Williams, who is black, was widely viewed as the outsider because he is a native of Los Angeles who moved to the district only five years ago. But he was also seen as someone who had answers, a perception that was especially widespread among middle-class and affluent whites — voters who abandoned their earlier allegiance to Mr. Barry after his 1990 conviction on a drug possession charge. As a group, they were also more likely to vote than any other in the city.

As a result, Mr. Williams built a strong coalition of enough blacks and whites to win 50 percent of the vote in a seven-way race in the Democratic primary. In the general election, he won every precinct of the city to gain 66 percent of the vote, to 30 percent for his Republican challenger, Carol Schwartz.

The turnout in Ward 3, the area of the city with the highest concentration of whites and affluent voters, was 49.4 percent, highest in the city. The turnout in Ward 8, the poorest in the city with the highest concentration of former supporters of Mr. Barry, was 25.2 percent; lowest in the city.

Years of Tension Ignite In the Nigerian Delta

Ijaw Uprising Brings Violence to New Level

By James Rupert
Washington Post Service

BATAN, Nigeria — The Shell Oil Co. pumping station, an intricate architecture of pipes and tanks, rises on stilts from the muddy water and reeds of the Niger River delta. The pumps that suck oil from wells out in the swamp are still. The gas flare, a rusted steel pod that normally belches a roaring, yellow flame, is silent.

In thatch huts near the station's helicopter landing pad, young village men who have forced the station to close complain that oil companies, the Nigerian government and their ethnic rivals have conspired to cheat them of their land, livelihood and political rights.

For the last month, men of the Ijaw ethnic group have brandished guns and threats to demand redress, forcing the shutdown of oil wells in the delta and cutting oil production by as much as a third in a nation that is the fifth-leading supplier of oil to the United States.

At the same time, militant Ijaw warriors of a mystical cult are fighting a spreading war against rival groups they accuse of manipulating the oil companies and the government against them.

Ijaw warriors sweeping in from the swamps have burned rivals' villages and shot or slashed people to death. Scores of villages have been destroyed and, residents and foreign analysts say, tens of thousands of people displaced.

The Ijaw uprising is an escalation of decades of campaigns by ethnic groups based in the Niger delta who demand a guaranteed share of the oil wealth pumped from beneath their impoverished villages. One such group, the Ogoni group, on Tuesday marked the third anniversary of the hanging of nine of its leading activists, including playwright Ken Saro-Wiwa.

As Nigeria's discredited armed forces move to end 15 years of repressive and corrupt rule, the Ijaw rebellion is squeezing the country's economic aorta and showing what ugliness could lie ahead for a nation full of groups voicing grievances. The fighting here is the most volatile of countless local, tribal or clan conflicts over land and resources across Nigeria.

Perhaps more than any other issue, the "Ijaw question" shows the critical choices awaiting the civilian government that is to take power in May: How can Nigeria restructure its state and share power so as to reconcile clashing claims by many of the country's more than 200 ethnic or linguistic groups?

In its decades of rule, the Nigerian Army has transformed the country from

a federation into an authoritarian state. Unless Nigeria moves to again decentralize power, "what is happening now in the Ijaw area" will happen soon in other parts of the country, Wole Soyinka, a Nigerian dissident and Nobel Prize-winning author, said during a recent visit to the country.

Batan sits in a stretch of swamp about 30 kilometers east of the city of Warri.

A Nigerian newspaper, the *Guardian*, reports that the Batan field was producing 26,000 barrels — worth \$380,000 — per day before the shut-down. The men here said that they have no idea of the value of the oil pumped from their land. But virtually no money comes back to the village, they said.

In the 35 years since Shell opened the Batan field, oil spills have spoiled the village's traditional livelihood by drying the fish away, the men said.

"Now we have to canoe for three or five hours" to find a fishing spot, said Peter Nanaah, the community's secretary. And villagers must paddle for three hours to find clean water, he added. The village has no clinic and no real school, only an unequipped classroom that villagers built themselves.

For years Shell tried to ignore local protests, grimly pumping oil under the protection of a company-funded police force and the military government. But in the mid-1990s, Shell and Nigeria were condemned worldwide for their repression of the Ogoni ethnic group, east of here. Now Shell says delta residents must be made to feel they are the beneficiaries of oil production.

Last year, the Nigerian arm of Shell — which is 55 percent owned by the Nigerian government — spent \$36 million of its \$1.2 billion budget to help build schools, water supplies and other development projects in the delta, said Frank Ekeduma, a company spokesman in Warri. "But we can't replace the government," he said.

The regime of General Sani Abacha, who died in June, promised to return 13 percent of Nigeria's oil proceeds to develop the "oil communities," but the funds were siphoned off by corrupt officials, say oil company officials and delta residents.

"If we would honestly put even 3 percent" of oil revenues into these communities, "it would make a big difference," Mr. Ekeduma said. "I'm not in a position to criticize the government," he said, but "they haven't listened to the oil communities."

General Abacha's successor, General Abdulsalam Abubakar, has offered to fire the head of the agency in charge of developing oil communities and promised reforms to revive the stalled development efforts.

But such changes have come late. In the last two years, the Ijaws' campaign has turned violent.

About 100 kilometers northwest of Warri, several hundred people have been killed, scores of villages destroyed and tens of thousands of people made homeless by fighting between Ijaws and ethnic Ijales over land and oil rights, said a diplomat in Lagos.

"We've been avoiding the term, but clearly it's ethnic cleansing," he said. Nigeria's army and police mostly avoid the rural delta and are ill-equipped to fight a guerrilla war in its tangle of mangrove swamps and creeks.

The government so far has simply directed the military governor of Delta state to hold talks between Ijaw and Ijale leaders. But those Ijaw leaders have limited sway with the militant youths.

U.S. Finds Cocaine Shipment on Colombian Air Force Plane

By Mireya Navarro
New York Times Service

MIAMI — U.S. customs officials have seized about 1,600 pounds of cocaine from a Colombian Air Force cargo plane at Fort Lauderdale International Airport, prompting the Colombian Air Force chief to resign.

Raymond Kelly, commissioner of the U.S. Customs Service, called the case "disturbing" and said investigators were trying to sort out who loaded the plane in Colombia and who had access to it before it arrived in Fort Lauderdale on Monday with a crew of six and five passengers.

Mr. Kelly said that foreign military airplanes regularly flew into the United States with supplies and personnel for embassies and consulates, or for spe-

cific missions, and that his agency routinely asked permission for random searches. Monday was the first time that the searches had discovered drugs on a Colombian government plane, Mr. Kelly said.

In Colombia, the air force chief, General Manuel Sandoval, offered his resignation to President Andres Pastrana, who accepted it, said Otto Gutierrez, a presidential aide.

At a news conference Tuesday, General Sandoval said that the plane, a C-130, had gone to Florida to pick up "logistical" material and that it had been searched by drug-sniffing dogs before it left a military air base in Bogota, Reuters reported. General Sandoval, who said that as commander of the air force he had to take responsibility for the incident, denied any widespread

involvement of the military in the drug trade. He acknowledged, however, the possibility that "a small number of people are committing crimes inside the air force."

The discovery Monday came just weeks after the first state visit by a Colombian president to the White House in more than 20 years.

Mr. Pastrana, 43, has pledged full commitment to trying to rid his country of cocaine and heroin production and has received \$300 million in new aid from the United States for anti-drug efforts and economic development. In August, he succeeded President Ernesto Samper, who Washington said had financed his election with \$6 million from drug traffickers.

The State Department spokesman, James Rubin, said that the Colombian

government was fully cooperating with the investigation and that "this incident need have no effect whatsoever on our views of President Pastrana's determination to work with us to fight the export of drugs from Colombia."

Customs officials said inspectors found the cocaine after noticing that several pallets of cargo on the plane had unusual rivets and smelled of fresh glue. A drug-sniffing dog confirmed the inspectors' suspicions. After drilling the pallets and extracting white powder that tested positive for cocaine, the inspectors dismantled the pallets and found 1,639

pounds (745 kilograms) of the drug, the officials said.

Customs Service officials questioned the crew and the passengers, a family of five they said included an unidentified retired Colombian Air Force officer, but no arrests have been made while the investigation continues.

Mr. Kelly said it was possible that the cocaine had been placed on the plane without the involvement of anyone in the military. But "it's disturbing a military aircraft was used," he said. "We're talking something close to a ton of cocaine on an official aircraft."

TRAVEL UPDATE

Strike Threats Worsen in Italy

ROME (Reuters) — Taxi drivers staged a third day of industrial action Wednesday, with threats of more transport strikes across Italy in the next week adding to misery for commuters and tourists alike.

Air-traffic controllers, airport workers, drivers of trams, buses and underground trains, national train staff and ferry operators were planning to stop work over various grievances, with the worst disruption planned for the next two Fridays, Nov. 13 and Nov. 20.

Sergio Cofferati, the leader of CGIL, Italy's biggest trade union, criticized the action taken by taxi drivers and air-traffic controllers and urged his members not to join in. "The strikes being staged by autonomous unions are wrong and there will be repercussions," he said.

Amsterdam's Schiphol Airport may be forced to close for the rest of the year on nights when there is a strong westerly wind due to violation of noise pollution limits, the Dutch transport minister, Tinke Netelenbos, said. Schiphol said it was looking into whether the complaints were justified. (Reuters)

In the 11th second of the 11th minute of the 11th hour on the 11th day of the 11th month, carnival season began in Germany, with more than 10,000 revelers crowding the old market in Cologne to kick off the celebrations. The season runs until Feb. 16. (AFP)

WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather.

Europe				Asia			
City	High	Low	Wind	City	High	Low	Wind
Amsterdam	54	44	W	Beijing	54	34	N
London	54	44	W	Delhi	54	34	N
Paris	54	44	W	Hong Kong	54	34	N
Rome	54	44	W	Manila	54	34	N
Stockholm	54	44	W	Seoul	54	34	N
Warsaw	54	44	W	Taipei	54	34	N
Yokohama	54	44	W	Tokyo	54	34	N
North America				South America			
City	High	Low	Wind	City	High	Low	Wind
Atlanta	54	44	W	Buenos Aires	54	34	N
Chicago	54	44	W	Lima	54	34	N
Denver	54	44	W	Sao Paulo	54	34	N
Los Angeles	54	44	W	Santiago	54	34	N
New York	54	44	W	Valparaiso	54	34	N
San Francisco	54	44	W				
Africa				Oceania			
City	High	Low	Wind	City	High	Low	Wind
Cairo	54	44	W	Perth	54	34	N
Johannesburg	54	44	W	Sydney	54	34	N
Nairobi	54	44	W				
Accra	54	44	W				
Abuja	54	44	W				
Algiers	54	44	W				
Asmara	54	44	W				
Brazzaville	54	44	W				
Conakry	54	44	W				
Dakar	54	44	W				
Libreville	54	44	W				
Lome	54	44	W				
Ndjamena	54	44	W				
Porto-Novo	54	44	W				
Yaounde	54	44	W				

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BEAR (S) 100	1.25	0.50	60%
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By Serge F. Kovalenko
Washington Post Service

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EUROPE

Kosovo Rebels Learn From Mistakes

Guerrillas Are Bouncing Back 'Leaner and Meaner,' NATO Says

By Jane Perlez
New York Times Service

MALISEVO, Yugoslavia — The separatist Kosovo guerrillas, who sprang out of nowhere this spring and were then pummeled by a Serbian offensive in the summer, are bouncing back more resilient and better organized than expected, Western officials said, much to their surprise.

The Kosovo Liberation Army is conducting a major reassessment, reorganization and rearmament, raising concerns in Washington just as an unarmed, 2,000-member multinational force is readied to verify the cease-fire in the Serbian province.

The guerrillas have killed at least six Serbian policemen in the two weeks since some Serbian forces withdrew from Kosovo under an agreement reached between President Slobodan Milosevic of Yugoslavia and Richard Holbrooke, the U.S. envoy.

Western officials said here Tuesday that they were concerned about threats from Serbian leaders Monday to take matters into their own hands unless the Organization for Security and Cooperation in Europe did so. The 54-nation, Vienna-based organization, which is charged with creating the 2,000-person team, has not formally begun its main work. The head of the OSCE effort, William Walker, an American, is ex-

pected in Kosovo on Wednesday for the first time.

A top strategist of the guerrilla forces, Naim Maloku, who was a captain in the Yugoslav Army and the first senior professional soldier to join the guerrilla forces, said the West should not be surprised by what they see.

"We made tactical, organizational and propaganda mistakes," he said of the Kosovo Liberation Army's operations. "But now we are trying to institutionalize and give the forces a reasonable political leadership."

Mr. Maloku, 40, who is considered a moderate and a pragmatist in a force that has its share of hotheads, said in an interview Tuesday that U.S. officials were "making a mistake" by expressing concern about guerrillas taking up positions occupied by the vacating Serbs.

In essence, he said, when the Serbian onslaught became too intense many of the fighters fled to the hills with the civilians and have now returned with their uniforms back on.

Mr. Maloku wore a uniform that came from various sources — German-made camouflage pants and jacket, a khaki German Army sweater with the German colors still attached at the sleeve, a Yugoslav Army pistol at his waist and the red and black emblem of the Albanian double-headed eagle on his cap.

"Leaner and meaner" is how a North Atlantic Treaty Organization diplomat

summed up the Kosovo Liberation Army. "They are far from defeated, their morale is high."

A NATO officer who last month described the guerrillas as "not destroyed but dismantled" acknowledged this week that he had been mistaken. "Where they're coming back, they're coming back pretty good," he said. "There appears to be more structure, there seems to be some definitive organization. The wild card in all this is what the Kosovo Liberation Army is up to."

The guerrillas are now parading around villages that were deserted only 10 days ago, in full gear, rifles over their shoulders and pistols at their hips. Many seem to be concerned with family matters and can be seen carrying their children. But others are manning checkpoints and at night clearly aiming to unsettle the Serbian forces. Last week, the guerrillas allegedly shot at civilian Serb workers as they left a mining facility.

So far, the cease-fire verification work is being done by diplomatic observers, including a group from the United States who were shown bodies believed to be of two Serbian policemen on the street in the town of Malisevo on Monday. The men appeared to have been killed by the guerrillas in retaliation for the killing of five guerrillas last week.

Such retaliatory actions were to be expected, Western officials said.

One of the biggest concerns is the more sophisticated weaponry acquired by the guerrillas. Like most guerrilla groups, the Kosovo fighters are reluctant to show outsiders their gear. But two weeks ago a former Western military officer and member of the diplomatic observer mission was shown a new range of weaponry.

The officer in the observer mission was taken back when a powerful U.S.-made Barrett sniper rifle was brought out for display. He was told the guerrillas had more of them and additional ones would be coming in. The Barrett rifle is capable of "blowing a head off from a mile away," the NATO officer said.

Mr. Maloku said he hoped a political settlement with the Serbs, being worked on by the United States, would soon be reached. If it was not in place by before spring, the fighting would restart when the snow melted, he said.

And the pent-up fury that Serbs had created among the ethnic Albanians would express itself again but in more effective ways, he said. Explaining why there was little hope of restraining the Kosovo Liberation Army, Mr. Maloku put it in simple, stark, village terms: "If the Serbs spend 30 minutes burning the house of an old man who has spent 40 years building it, isn't it natural that he would give his sons to the cause?"



Fighters of the Kosovo Liberation Army firing a salute during the funeral of a comrade killed by Serbian police.

BRIEFLY

Early EU Expansion Is Doubtful

VILNIUS, Lithuania — The president of the European Parliament, Jose Maria Gil-Robles, said again Wednesday that he expected no new members to join the 15-nation European Union before 2004.

"I don't think that any enlargement will take place in the next parliamentary term, which finishes in 2004," Mr. Gil-Robles said at a news conference after he met with the presidents of parliaments from the countries participating in the enlargement process.

The EU opened negotiations with Poland, the Czech Republic, Hungary, Cyprus, Slovenia and Estonia on Tuesday.

Other hopefuls — including Latvia, Lithuania, Slovakia, Bulgaria and Romania, which have been admitted to the EU's membership process but are not considered advanced enough to be included in full negotiations — are seeking entry talks.

Greece Aims at Monetary Union

ATHENS — Greece made public Wednesday what it called an "EMU entry" budget that is aimed at making the country the 12th member of European economic and monetary union by 2001.

In projections for 1999, the government said it would run a budget deficit equal to 1.9 percent of gross domestic product and would have average inflation running at 2.4 percent.

Both figures should be enough to qualify Greece, especially as both the finance minister and central bank governor are unofficially projecting even lower inflation.

Entry to the 11-country common currency requires a country to have a deficit ratio to GDP at or below 3 percent. The current average inflation target for 1999 is about 2.5 percent.

Lisbon Remains Firm on Budget

LISBON — Portugal's minority Socialist government challenged its opponents Wednesday over the 1999 budget, warning that it would resign rather than allow significant changes.

Prime Minister Antonio Guterres, who was defeated Sunday in a national referendum on administrative reform, made it clear that he would prefer early elections to any distortion of the plan.

The budget is the last before Portugal joins the single European currency on Jan. 1. It is also the last before elections, which must be called by October.

Turkey's Ruling Party Resists

ANKARA — Prime Minister Mesut Yilmaz's party signaled Wednesday that it would fight a move to force the government's resignation over a corruption scandal.

The leader of the Republican People's Party, Deniz Baykal, urged Mr. Yilmaz's resignation after a television broadcast of accusations against the government by a businessman, Korkmaz Yigit. He has been held for police questioning about his role in a bank sale.

Mr. Yigit denied that he had conspired with an underworld boss to win the tender for Turk Ticaret Bankasi (Turkbank). He insisted he had been coerced into competing by figures at the "highest level in the state."

NATO Condemns Shootings
As Kosovo Truce Deteriorates

BRUSSELS — The NATO allies expressed great concern Wednesday at the deterioration of the shaky truce in Kosovo, with violent incidents now provoking "almost daily deaths," a NATO official said.

The North Atlantic Treaty Organization strongly condemned the recent shootings regardless of which side provoked them, he added. The allies, however, have no armed presence in Kosovo to enforce separation of the combatants and a planned verification mission of 2,000 unarmed observers is still not fully in place.

Serbian special police and ethnic Albanian guerrillas have been killed in isolated clashes and reported ambush attempts in the past week, prompting the Yugoslav authorities to warn that they will step up patrols if the skirmishes do not stop.

While security overall in the Ser-

bian province was far better than just a few weeks ago, the allies did not want to see Kosovo slip back to a situation that both sides could use as a pretext for rekindling the conflict, the official said.

"NATO insists on the need for both Belgrade and the Kosovo Liberation Army to comply fully with the cease-fire and stop provocations," he told reporters after a regular meeting of NATO ambassadors.

The allies also voiced concern about "flying checkpoints" and the heavy presence of special police in some spots but agreed that Yugoslavia remained largely in compliance with international demands to keep its security forces in check.

It was clear the Kosovo Liberation Army was reoccupying territory vacated by the security forces under threat of NATO air strikes late last month, the official said.

TIME



SHAKESPEARE

The Invention of the Human

By Harold Bloom. 745 pages. \$35.
Riverhead Books.

Reviewed by Michiko Kakutani

IN his 1994 magnum opus, "The Western Canon," Harold Bloom placed Shakespeare, along with Dante, at the very center of the canon, arguing that the two "excel all other Western writers in cognitive acuity, linguistic energy and power of invention." The rest, he argued, "is what they absorbed and what absorbs them."

Bloom's latest book, "Shakespeare: The Invention of the Human," is in large measure an amplification of the arguments about him set down in that earlier volume, combined with a close textual reading of his individual plays.

In these pages, Bloom, Sterling Professor of Humanities at Yale University and Berg Professor of English at New York University, goes so far as to assert that Shakespeare "essentially invented human personality as we continue to know and value it."

"Before Hamlet taught us not to have faith either in language or in ourselves, being human was much simpler for us but also rather less interesting," Bloom writes. "Shakespeare, through Hamlet, has made us skeptics in our relationships with anyone, because we have learned to doubt articulateness in the realm of affection."

He adds that "our ability to laugh at ourselves as readily as we do at others owes much to Falstaff," and that Shakespeare's Cleopatra has taught us "how complex eros is, and how impossible it is to divorce acting the part of being in love and the reality of being in love."

This eccentric notion — that we did not know how to be human before Shakespeare came along to tell us — gives Bloom a title and thesis, but it

thankfully does little to contaminate his book. Indeed, this volume is best read as an old-fashioned humanistic commentary on Shakespeare's plays that gives us a renewed appreciation of the playwright's staggering achievement, even as it points up the limitations of structuralist, feminist and neo-historicist readings of his work. It is a fiercely argued exegesis of Shakespeare's plays in the tradition of Samuel Johnson, William Hazlitt and A.C. Bradley, a study that is as passionate as it is erudite, as provocative as it is sometimes perverse.

While the reader may quarrel with Bloom's dismissive treatment of recent productions of Shakespeare's plays, while one may disagree with his readings of individual characters and texts (his assertion that Shylock is a "murderous villain," for instance, is both simplistic and strangely at odds with his analysis of the moneylender's ambivalent nature), it's hard not to be impressed by his overall knowledge of and insight into his subject's work. Bloom deftly illuminates the ideas and motifs animating Shakespeare's plays, succinctly shows how the playwright's life (the little we know of it, anyway) appears to have affected his work, and astutely analyzes the development of his transcendent art.

In earlier books like "The Anxiety of Influence," Bloom has articulated a Freudian theory of poetic influence, which suggests that writers are shaped by their Oedipal struggle to free themselves from the legacy of their literary forefathers. That theory clearly informs this volume's assessment of Shakespeare's growth and his relationship to his literary ancestors Chaucer and Christopher Marlowe.

As Bloom sees it, Shakespeare's early histories were heavily indebted to Marlowe, an influence he parodied and exorcized with the bloody "Titus Andronicus" in 1594. Once Shakespeare

had emancipated himself from the author of "Tamburlaine," Bloom continues, his characters began to evolve from two-dimensional Marlovian cartoons, like Richard III into the emotionally complex heroes of his mature work: Hamlet, Falstaff, Rosalind, Othello, Macbeth and Cleopatra. Such characters possessed an interior life heretofore unseen in literature, and they signified Shakespeare's maturation as an original artist, an artist who in turn would become a forerunner to writers and thinkers as disparate as Kierkegaard, Emerson, Nietzsche, Freud, Ibsen, Strindberg, Pirandello and Beckett.

Although many critics have focused on the redemptive elements in Shakespeare's plays, arguing that justice is served on the villains in "King Lear," say, or emphasizing the motifs of renewal and resurrection in "The Winter's Tale," Bloom takes a bleaker view. In fact, this volume underscores Shakespeare's dark, uncompromising vision, his unwavering examination of the consequences of time and flux and loss, his acute awareness of the contingency of love and reason.

In Hamlet's radical alienation, in Iago's malign will, in Lear's confrontation with the abyss, in Macbeth's apprehension that life is a tale signifying nothing, Bloom suggests, are contained the seeds of 19th-century nihilism, Dostoevsky's brooding existentialism and Baudelaire's spiritual malaise.

In the end, his book may not persuade the reader that Shakespeare was somehow responsible for "the invention of the human," but it does remind us, powerfully, of the uncanny modernity of Shakespeare and his surpassing ability not only to limn the human condition but also to illuminate "our latest intellectual fashions more sharply than they can illuminate him."

New York Times Service

BRIDGE

By Alan Truscott

faint chance of an overtrick. This would have failed, but South still had a chance when

he threw four diamonds and two clubs to reach the ending shown at right.

South took a spade finesse, with a slight secondary chance in clubs but was defeated. The runners-up in also defended six no-trump, with West making the same good lead, the same play and the same result.

If East had pre-empted in diamonds, South would probably have found the solution. Knowing that West held length in the black suits he could have led to the club ace in the diagrammed position and cashed the diamond ace. This would set West up for an end-play, however he discarded.

Knowledge about the diamond distribution is equally crucial to six hearts. If East

West are silent, the lead of the diamond king will be covered with the ace and finally ruffed. But if East has pre-empted, or if West has made a Lighner double to suggest a void somewhere, North can judge to duck the opening lead. Then he can maneuver to squeeze West in the black suits.

THE diagrammed from The North American Pair Championship, was a focus of discussion. The winners sat East-West, and their opponents bid as shown to six no-trump. The five-spade bid, in the Roman Keycard Blackwood style, showed two key cards and the trump queen, with hearts the agreed suit. A black-suit lead would have given South his 12th trick, and West made the good lead of a heart. This forced South to run all the hearts, and he had to decide what to keep. One good plan would have been to throw four diamonds, a club and a spade. Then a club finesse would give good chances of making six, with a

WEST
♠ 8 7 4 2
♥ 9 4 2
♦ —
♣ Q 10 9 7

EAST
♠ 6 3
♥ 10 5
♦ K Q 10 8 5 4 3
♣ 5 4

SOUTH
♠ A Q
♥ 7
♦ A 7 6 2
♣ A K J 8 2

North
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2 ♣
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ASIA/PACIFIC

Tibetan Culture Tiptoes Around China's Boom

By Seth Faison
New York Times Service

LHASA, Tibet — At daybreak, thousands of Tibetan worshippers march a path that circles this holy city, twirling prayer wheels and murmuring tributes of faith. Clad in dark robes or silk tunics, they wind their way around a gold-roofed temple where the scent of smoldering juniper bush, a traditional offering, rises from a blackened stupa, a dome-shaped shrine.

Past a dilapidated Chinese factory, down an ill-paved city street, their daily parade takes the faithful right by a row of gambling houses and massage parlors that represent the gaudiest element of a growing Chinese presence here. Yet few Tibetans even glance into these places of imported debauchery as they walk by, keeping their focus on the sacred trail.

Tibet, a mountainous desert whose people have preserved a remarkably intense form of religious devotion despite decades of persecution by the Chinese, is now in the next stage of a grindingly long battle between Tibetan tradition and Chinese modernity. Today, it is the onslaught of China's free-wheeling economic boom that most threatens Tibet's resilient Buddhist culture.

"They try to beat us, to silence us, to overwhelm us," said one monk, whispering in a dark corner at Sera Monastery, a sprawling complex at the edge of town. "You can see they are not succeeding, just look at all the people who come to worship every day."

China exercises firm military and political control over Tibet, as it has since its troops suppressed an uprising and the Dalai Lama fled to India in 1959. In the past four years, the authorities have sharply tightened restraints on Buddhist monasteries, which are seen as centers of dissent, and limited the number of monks allowed to worship.

No sign of protest or potential violence is evident in Lhasa today, and for a city that is ethnically divided — there is a distinctly Tibetan half and a Chinese half — there is little palpable tension. Crowds of both groups can be seen mixing easily in open-air markets where fruit, clothing and Tibetan jewelry are sold.

Yet, after decades of trying, Beijing's political and now economic efforts to transform Tibet into another province of China still founder on Tibetans' extraordinary religious fervor. Religion and culture create such a deep gulf between Chinese and Tibetan ways of life that it is hard to foresee any easy resolution.

The most striking aspect of daily life is

the passionate worship by Tibetans of every station. One must rise at dawn to see the daily, two-hour march around central Lhasa that draws thousands of worshippers each day, but thousands more pilgrims who come from elsewhere in Tibet to pray at the region's holiest sites are evident everywhere in town.

All day long at the gate of the Jokhang Temple, the most revered structure in Tibet, dozens of worshippers perform an

To China in the 1960s, integrating Tibet with the 'motherland' meant tearing down almost anything old; today, it means building almost anything new.

obedience of prostration, lying face down on cold stone, only to stand up again, hands together, and motion hundreds of times in succession. Dirt-poor pilgrims, filthy from weeks or even months of travel, pray next to well-dressed businessmen and women from Lhasa.

"The Chinese don't understand our religion," said Chuni, 25, a health administrator who came to the Jokhang Temple to pray one recent evening. Like many Tibetans she uses only one name.

"They think we are uneducated and inferior," she said. "They will never understand."

A layer of good-natured Tibetan fatalism, she said, often shields the animosity that ordinary Tibetans feel toward the Chinese. Underneath, she said, most Tibetans deeply resent the Chinese presence here.

Tibetans are unlikely to forget the relentless efforts to destroy their culture that came in the years after Chinese forces consolidated control in 1959. Calling it "liberation," the Communist authorities banned religious worship, demolished monasteries and killed untold thousands of Tibetans who resisted.

Times change, as do methods. But China's aim in Tibet remains the same, to integrate it more closely with the rest of the "motherland." In the 1960s, that meant tearing down almost anything old and parading fanatical political slogans; today it means building almost anything new in the name of economic development.

Officials in the Chinese government point to the undeniable benefits built with Beijing money in recent years: roads and telephones that allow communication in previously impassable areas, hospitals and schools that offer care and general education in a land that had almost none during its centuries as a theocracy.

Chinese authorities make much of the

stubbornly medieval nature of Tibet's old society, where slaves of various grades were taught that they suffered for the misdeeds of a past life.

But material gains have come on Chinese terms. All Tibetans are required to be literate in Chinese for the best jobs; few Chinese ever learn Tibetan, even officials who live here for decades. Schools are theoretically bilingual, but in practice Chinese dominates.

Many Tibetans, accepting the fact of Chinese dominance, push their children to study Chinese, because it broadens their chances for decent employment. Some send their children to study at schools in China proper.

"I am sad that so many children cannot read or speak Tibetan well," said an employee at a state-run department store, mother of a 9-year-old girl. "But I want what is best for my daughter."

Like many other Tibetans, this woman complained that economic gains in Tibet had overwhelmingly benefited Chinese here, not Tibetans. It is hard to measure, since economic status is not measured by ethnic group, but Tibetans uniformly say that unemployment among Tibetans is many times that of Chinese.

A senior Chinese leader, Hu Yaobang, decried the colonial attitude that

prevailed among Chinese officials here when he visited in 1980.

Much has changed in Tibet since then, but perhaps not the mind-set of the average Chinese official. In a small but telling example, Chinese officials still insist that Beijing time be observed throughout Tibet — as it is elsewhere throughout Chinese-controlled territory — even though this means sunrise in November here comes after 8 A.M., and sunset after 7 P.M.

Although Beijing clearly hopes a rising economic tide will draw Tibetans closer to the Chinese way, local officials assigned here often seem more interested in taking advantage of loose restrictions to make money in any way possible. As in most of China, a local official has wide latitude in economic matters, as long as his or her political patron is secure.

An attractive park called Sun Island, where the path of worship takes thousands of Tibetans each morning, was converted two years ago into a resort area of gambling halls that operate openly, even though they are technically illegal. Across the street is a long row of massage parlors with come-hither names, equally open and, because they are clearly fronts for prostitution, equally illegal.

Many Tibetans are as disgusted by the presence of the Chinese here as they are by the fact that Chinese businessmen and workers keep arriving each day. Although it is hard to know with accuracy, it is estimated that at least 60 percent of the people in Lhasa are Chinese.



Pilgrims inside the Jokhang Temple in Lhasa. The Tibetans' extraordinary religious fervor still frustrates China's attempts at domination.

Dalai Lama Delays Plan for Dialogue With Beijing

By Peter Baker
Washington Post Service

WASHINGTON — The Dalai Lama, in the face of renewed hostility from China, has put off an attempt to reopen a formal dialogue with Beijing over the future of Tibet.

After meeting with President Bill Clinton this week, the exiled leader said he was willing to make commitments sought by China as a condition of renewing official negotiations over his Himalayan homeland, but had postponed doing so because the Communist regime refused through informal channels to coordinate a mutually acceptable statement.

During Mr. Clinton's visit to China in

June, President Jiang Zemin said he would consider resuming formal talks if the Dalai Lama first proclaimed that Tibet is an inalienable part of China, that he will end all activities aimed at fomenting Tibetan independence.

"I'm willing to make a formal response," the Dalai Lama said Tuesday. But he added, "I would like to consult with the Chinese government about the substance of my formal response. Up to now, the consultations have not materialized so I'm not ready to make a public response."

Public statements from Beijing indicated little interest in a dialogue. [China lashed out fiercely at the United States on Wednesday over the

meeting between Mr. Clinton and the Dalai Lama and a visit to Taiwan by the U.S. energy secretary, Bill Richardson, Reuters reported from Beijing.]

A Foreign Ministry spokesman said Beijing had lodged a protest with Washington and demanded that the United States correct its "mistakes."

The spokesman, Zhu Bangzao, was quoted by state television as accusing Washington of interfering in China's internal affairs, and he condemned the meetings as a violation of U.S.-China agreements governing bilateral ties. He added, "They also seriously hurt the feelings of the Chinese people."

The Dalai Lama met Tuesday in the Map Room of the White House with Hillary Rodham Clinton and then was

joined by the president for about 30 minutes. The Dalai Lama also met separately with Vice President Al Gore and Secretary of State Madeleine Albright.

Mr. Clinton later expressed support for a new dialogue over Tibet. Aides said he very likely would raise the issue during a meeting with Mr. Jiang next week at the Asia-Pacific Economic Cooperation summit talks in Kuala Lumpur.

In a speech Tuesday night to the National Endowment for Democracy, the Dalai Lama said he might never have tasted freedom had he not fled Tibet for India in 1959 to escape Chinese rule.

"It has been very rewarding for me to live in a democracy and to learn about the world in a way that we Tibetans had never known before," he said.

BRIEFLY



Ambassador Guan Dengming of China, left, and Foreign Secretary Domingo Sison of the Philippines addressing the island standoff Wednesday in Manila.

Philippine Troops Put on Alert

MANILA — The Philippines said Wednesday that its naval and air forces near a Chinese-occupied reef in the South China Sea were on alert but that it had ordered them to avoid a military confrontation.

Manila also said that President Joseph Estrada would discuss Chinese facilities on Mischief Reef, part of the disputed Spratly Islands, when he meets with President Jiang Zemin of China in Kuala Lumpur next week. The Philippines last week accused Beijing of building what could be piers for large ships on the reef.

South Korean Arrives in Beijing

BEIJING — President Kim Dae Jung of South Korea arrived Wednesday in Beijing, where he hopes to persuade

China to increase trade and lead North Korea to peace talks. Economic cooperation will top the agenda when Mr. Kim meets Thursday with President Jiang Zemin, the South Korean president's office said. The two countries exchanged \$23.7 billion worth of goods last year. (AP)

5 Nuclear Tests Enough for India

NEW DELHI — India was ready to conduct a sixth nuclear test in May, but it pulled back at the last minute after scientists said no further data was needed, Prime Minister Atal Bihari Vajpayee said Wednesday.

"We could have conducted the sixth test on May 13," the Press Trust of India quoted Mr. Vajpayee as telling lawmakers during a discussion of the five underground explosions that took place that month.

Pakistan conducted six similar tests later in May. (AP)

More U.S.-Taiwan Exchanges

TAIPEI — The U.S. energy secretary, Bill Richardson, assured Taiwan on Wednesday that ministerial-level exchanges would continue.

"As you know, the mainland is not happy about my visit, but I'm here," he said before his departure after an economic conference. Beijing, which considers Taiwan a renegade province, voiced "strong dissatisfaction" Tuesday. (AP)

For the Record

Bangladeshi shops reopened as a three-day opposition-led general strike ended Wednesday. Two more people died from strike-related violence, raising the toll to six. (Reuters)

President Boris Yeltsin will respond to Japanese proposals on the disputed Kuril Islands when he meets with Prime Minister Keizo Obuchi on Thursday at the Kremlin, according to the Itar-Tass press agency. But it said neither the proposals nor the response would be made public. (AP)

CROSSWORD

- ACROSS**
- Pinch a suit?
 - Steak style
 - Between here and there
 - Floor cover
 - Combination
 - Decorating with crinkled paper
 - Weekly since 1965, with "The"
 - Season of
 - Actor Santoro
 - Washington U.P. Jordan
 - Bread and whisky
 - Seventeenth-century date

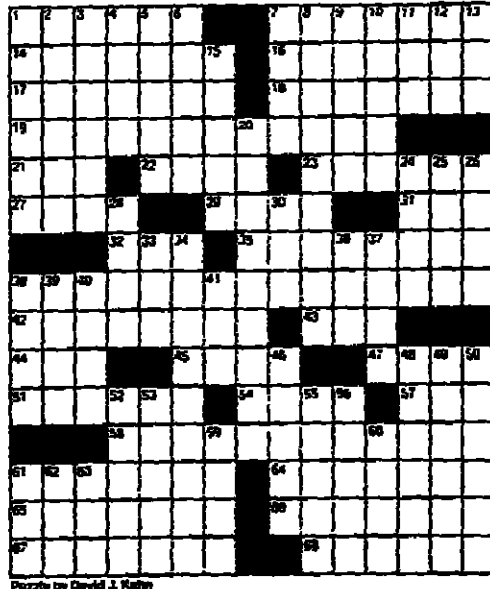
Solution to Puzzle of Nov. 11

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2. Steak style ATTIRE
3. Between here and there BALI
4. Floor cover CRAZY
5. Combination MORSE
6. Decorating with crinkled paper SLOE
7. Weekly since 1965, with "The" OCE
8. Season of OLSEN
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 - Model Gabriele
 - Non-P.C. letter opening
 - Frau's spot
 - Blessing precursor
 - Parolite slowly
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INTERNATIONAL

CIA Chief Threatened to Quit Over U.S. Spy

By James Risen
and Steven Erlanger
New York Times Service

WASHINGTON — During the Middle East peace talks last month in Maryland, the director of the CIA told President Bill Clinton that he would resign if Mr. Clinton agreed to release the spy Jonathan Jay Pollard, according to several administration officials.

The director, George Tenet, who was directly involved in the peace negotiations, gave his warning to Mr. Clinton after learning that Prime Minister Benjamin Netanyahu of Israel had made Mr. Pollard's case a key bargaining point, officials said.

In the end, the president turned down Mr. Netanyahu's request, and the matter did not prevent the negotiators from reaching a peace accord. Mr. Tenet refused to comment on the matter, as does a spokesman for the Central Intelligence Agency.

Mr. Tenet's threat to resign was a direct reflection of the depth of anger against Mr. Pollard that lingers among U.S. intelligence and law enforcement officials 13 years after the former naval intelligence analyst was arrested for passing top-secret documents to Israel. He is now serving a life term.

U.S. intelligence and law enforcement circles insist that the American spy should never be freed and dismiss the

fact that he acted on behalf of a friendly nation. But the far right in Israel has made Mr. Pollard's release a celebrated cause — and Mr. Netanyahu has raised it with the president virtually every time they have met.

During the recent talks, Mr. Netanyahu told Mr. Clinton that he needed Mr. Pollard's release to win over the right wing of his coalition to the peace agreement, according to senior American officials.

Mr. Clinton was open to what Mr. Netanyahu and the Palestinian leader, Yasser Arafat, said they needed to help sell the peace agreement to their constituencies, these officials said. The president was considering Mr. Pollard's release, the officials said, when Mr. Tenet spoke up. "It was clearly on the table," a U.S. official said.

While a White House spokesman, David Leavy, declined to comment on whether Mr. Tenet threatened to resign over Mr. Pollard, he did say, "At no time did the president make a decision to release Mr. Pollard."

During the conference, at Wye Mills, Maryland, Mr. Clinton had been "impressed by the force of Mr. Netanyahu's arguments" on the Pollard matter, Mr. Leavy said.

The president then went back to consult with his advisers, including Mr. Tenet and the national security adviser, Sandy Berger, and eventually decided

that he could not agree to Mr. Netanyahu's demand, Mr. Leavy added.

Ultimately, the opposition to releasing Mr. Pollard was persuasive, administration officials said. Mr. Clinton, who twice before denied Mr. Netanyahu's calls for releasing the spy, agreed only to review the case again, for the third time in five years.

Officials say that Mr. Tenet believed that he would lose his credibility with his rank and file in the intelligence services if he were to agree to Mr. Pollard's release.

"He knew that he was closely associated with these peace talks — it wasn't like he was back at headquarters — and he couldn't distance himself from this decision," a U.S. official said of Mr. Tenet.

Mr. Tenet's resignation would have forced Mr. Clinton to find his fourth CIA director in less than six years — making the post one of the most difficult and intractable personnel problems to plague his administration.

Mr. Tenet, 45, who was named director of Central Intelligence in 1997, pledged to remain in the job for at least four years to provide the agency with some stability.

The Pollard case was one issue on which it was impossible for Mr. Tenet to straddle both his political and intelligence constituencies.

As soon as word leaked out that Mr.

Pollard's freedom had become a bargaining chip in the Middle East talks.

U.S. law enforcement and intelligence officials went into nearly open rebellion, complaining that the president should not release someone who had so flagrantly betrayed national security. Accepting a Pollard deal with Mr. Netanyahu would have forced Mr. Tenet to side with the White House against his own lieutenants.

"If Pollard had been released, George would have had no choice but to resign," said a senior congressional official involved in intelligence matters.

The anger within the intelligence agencies was fueled by the fact that, during the 18 months he spied for Israel in 1984 and 1985, Mr. Pollard stole more top-secret documents than almost any other spy in American history.

"He stole huge amounts of intelligence, measured in cubic yards," said R. James Woolsey, former director of Central Intelligence, who recommended that Mr. Pollard be denied clemency when his case was first reviewed by President Clinton in 1993.

He took thousands of pages of the government's most sensitive intelligence, including many concerning Soviet weapons system designs that came from Russian spies recruited by the CIA. The information of great interest to Israel because its Arab opponents used Russian weapons.



A protester at the presidential palace in Santiago, where the National Security Council met Wednesday over General Pinochet's arrest.

Law Would Protect Hitler, Pinochet Lawyers Claim

Reuters

LONDON — General Augusto Pinochet, the former Chilean leader being held in Britain on charges of genocide, murder and torture, has absolute immunity under British law, which would have given some protection even to Hitler, his lawyers told the nation's highest court on Wednesday.

The immunity British law grants former heads of state might be morally regrettable in some cases, but the courts had to uphold it and only Parliament could change it, Clive Nicholls told a five-judge panel in the House of Lords considering the legality of General Pinochet's detention.

General Pinochet, 82, was arrested in London on Oct. 16 at the request of a Spanish judge who accuses him of responsibility for the death or disappearance of more than 3,000 people as well as torture during his military rule of Chile from 1973 to 1990.

The High Court ruled in London last month that General Pinochet had immunity from prosecution because the offenses of which he is accused were committed while he was head of state. The Spanish government and Britain's state prosecution service are seeking to have the ruling overturned by the law lords.

Mr. Nicholls argued Wednesday

that British law grants a head of state immunity from prosecution, even after he leaves office, for public, official and sovereign acts while in power.

When the chief of the panel, Lord Slynn, asked whether torture was a public act, Mr. Nicholls replied that it was if it was done "in the name of the government."

During an exchange over whether the Holocaust was an official act for which Hitler could have claimed immunity under the provisions of the State Immunity Act, Mr. Nicholls asserted that under British law, "Hitler would have been protected."

"It may be a matter of grave regret from a moral point of view, but that is a matter for Parliament," Mr. Nicholls said. "Parliament may well think the time has come when we shouldn't have absolute immunity."

Lawyers' arguments are expected to finish in London this week, although some legal experts think it will take the court days or even weeks to decide the case. General Pinochet is waiting for the outcome while under police guard in a London hospital.

Also on Wednesday, Switzerland said it had formally asked Britain to extradite General Pinochet to face murder and kidnapping charges linked to the disappearance of a Swiss-Chilean student in 1977.

Czechs Say School Abused U.S. Children

By Peter S. Green
International Herald Tribune

PRAGUE — Czech police have arrested four people, including two Americans, on charges of physically abusing and imprisoning American youths at an unlicensed reform school for wayward teenagers.

The school, Moravia Academy, reportedly opened earlier this year in a secluded hotel about 200 kilometers (120 miles) from Prague as a home for troubled American teens sent abroad by their parents. Reports said the youths were mainly from Utah.

The police said that youths who misbehaved or broke the school's strict rules were subjected to severe punishments that violated Czech law and the child protection treaty of the United Nations, and that several children had been sent back to the United States.

"Sometimes they were forced to lie on their bellies with their hands tied, they were denied hot food and given limited amounts of liquids, and they were all refused medical care," and sometimes toilet facilities, said a police investigator, Petr Netik.

The deputy director of the school, Steven Roach, was being held by the police, but the director, Mr. Roach's wife, Glenn, was arrested and released on medical grounds.

U.S. Embassy officials said they had visited the school on several occasions and found nothing amiss. But when the police asked embassy officials to return Saturday, four children asked to leave with the diplomats, police officials said.

Questions about the school arose in October when a Czech teacher who had taught there told the newspaper Lidove Noviny about the alleged abuse. The teacher said that the students were also forbidden to leave the grounds, which are protected by guard dogs. The newspaper said the youths' days were programmed from 6:30 A.M. to 9:30 P.M. and that they were forced to "sing positive songs, read positive books and were subjected to 30 minutes of psychological pressure from tape recordings."

A spokeswoman for the school, Connie Johnston, refused to give details of the school's program.

The school's Internet site (www.teenhelper.com) says Moravia Academy is part of a chain of six similar for-profit programs; the others are in Utah, Montana, Jamaica, Costa Rica and Mexico. The Web site says that for \$80 per day, the institutions will help troubled teens with "tasks, academics" and "behavior modification."

Can the Khmer Rouge Be Tried?

By Chris Seper
Washington Post Service

PHNOM PENH — A group of UN experts is scheduled to arrive here Saturday to gather evidence and assess whether a war crimes tribunal can be held for members of the Khmer Rouge, the 1970s regime that killed as many as 2 million Cambodians.

Thomas Hammarberg, the UN secretary-general's human rights envoy to Cambodia, said he fears the evidence may be so old and witnesses' memories so blurred by the years that there may not be enough tribunal-worthy evidence to try the offenders. But other experts who have gathered testimony and documents say they have solid cases against as many as 50 participants.

Many of the leading members of the Khmer Rouge are back in society after receiving amnesties in government peace pacts. Ke Pank, a military chiefdom whom historians blame for anywhere from 10,000 to 50,000 deaths, was amnestied earlier this year during a mass rebel defection.

Jeng Sary, the longtime second in command of the Khmer Rouge and a main architect of the genocidal regime, was the highest-profile member to defect to the government, winning a royal pardon in 1996. Both Mr. Pank and Mr. Sary have said

they will testify and have nothing to hide.

Of those likely to be tried, only three key members remain in the Cambodian jungles with, at most, a few thousand guerrillas. Pol Pot, the leader of the Khmer Rouge, died earlier this year.

The UN's Group of Experts — a former Yugoslav war crimes jurist, a Burmese rights envoy and an international law professor from the University of Texas — are to assess whether a tribunal can be held, although some UN officials said that the die has already been cast in favor of the proceeding. The group, which will stay eight days, will also recommend who should be tried, in what format and where. A report is expected in January.

"This is a moment that is blessed by God," Yonk Chang, director of the American-funded Documentation Center of Cambodia, said of the experts' visit.

The Documentation Center's 300,000 pages of evidence on Khmer Rouge atrocities will be crucial in any tribunal's deliberation.

From 1975 to 1979, the Khmer Rouge cleared the cities and turned the country into a work farm, starving thousands, launching barbarous border raids against Vietnam, and murdering the educated and those suspected of disloyalty or ethnic "impurity."

h Beijing

China's government has announced that it will not accept the United Nations' proposal to hold a summit in Beijing to discuss the situation in the Middle East. The government says that the proposal is biased and that it does not represent the interests of the Arab people. It also says that it will not accept any proposal that would lead to the dismemberment of Israel.

Anwar T

Mr. Anwar T. is a member of the Egyptian Parliament. He has been involved in various political activities and has been a vocal critic of the Egyptian government. He has also been involved in human rights work and has been a member of several international organizations.

ria Planner

Mr. R. is a professional planner and has been involved in various projects related to urban planning and development. He has a degree in urban planning and has worked for several years in the field.

Treat Trachoma

Trachoma is a common eye infection that can lead to blindness if left untreated. It is caused by bacteria and is spread through contact with infected people or animals. It is most common in poor, rural areas and can be treated with antibiotics.

13 Killed in Russian Plane Crash

A Russian cargo plane crashed and burned in a Siberian forest Wednesday, killing all 13 people aboard, a spokeswoman for the Emergency Ministry said. The Antonov An-12 four-engine turboprop plane disappeared from radar minutes after taking off from Krasnoyarsk Airport in heavy snowfall. The remains of seven crew members and six passengers accompanying the freight were recovered by rescue workers.

Zimbabweans Protest Fuel Hikes

HARARE, Zimbabwe — Zimbabwe security forces said Wednesday they had shot dead one man and injured several other people as the southern African nation was rocked by protests over a steep increase in fuel prices. A police spokesman said the man was killed by a stray bullet in Mutema on the border with Mozambique, and six people were arrested for suspected looting. Workers across Zimbabwe went on strike to press President Robert Mugabe's government to reverse a 67 percent fuel price increase.

For the Record

A massacre in which 19 men, women and children were fatally shot in a driveway in Baja California in September was the result of a drunken argument between the chiefs of two rival marijuanna-smuggling gangs that turned violent, officials said.

Bermudians celebrated in the streets to welcome a new Labor prime minister, ending 30 years under the conservative United Bermuda Party. Jennifer Smith, 51, leader of the Progressive Labor Party, was sworn in Tuesday.

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EDITORIALS/OPINION

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Room for Censure

Even allowing for partisanship among some of the witnesses, the historians and constitutional scholars who testified before the House of Representatives on Monday provided an elevated and enlightening discussion of the central issues now facing the U.S. Congress in the impeachment debate.

We disagree strongly, however, with those who argued that Congress, as it seeks to resolve President Bill Clinton's case, has but one choice — impeachment, or no punishment at all. This narrow reading of the constitution fails to address both the political realities of the moment and the requirements of justice.

We have recommended censure as a reasoned compromise that respects the political consensus against removing the president unless the evidence changes, and the high civic importance of rebuking him for his failure in his constitutional duty to uphold the law. We believe further, along with Laurence Tribe of Harvard Law School and others, that the constitution is sufficiently flexible to allow Congress to take that course.

The experts who are aligned against censure express concern that it would

set a precedent that could somehow damage the presidency in the future. That is a legitimate worry. But there is a greater danger to the U.S. constitutional system if Congress gives the president a pass for his lying under oath and knowingly allowing others to testify falsely to protect him. The fact that there may be insufficient votes in the House to support sending articles of impeachment to the Senate does not absolve Congress of its duty to express its anger and disapproval. Failure to do so would send a dreadful signal that future presidents could freely ignore the rule of law.

This point was underscored by one of the Republican witnesses, William Van Alstyne of Duke University Law School. It is "the prerogative of this Congress," he said, "to express dismay, despair and condemnation" by means short of impeachment. Mindful of the likelihood that impeachment will fail, he urged lawmakers to "struggle to find a suitable means to express your sense of disappointment."

That neatly defines the challenge now confronting the members of Congress. There is nothing in the constitution to keep them from rising to that task.

—THE NEW YORK TIMES

Aid for Central America

The initial U.S. response to Central America's tragedy has been generous. The Clinton administration has pledged \$80 million and sent troops to help clean up the horrible damage caused by the hurricane designated Mitch.

But as the long-term impact of this catastrophe becomes clear, so does the inadequacy of the U.S. response to date. Honduras and Nicaragua in particular have suffered a once-in-a-century kind of blow. In Honduras alone, damage is estimated at \$2 billion — an economy that generated \$4 billion each year. Two-thirds of its staple agriculture is destroyed, and exports will take years to recover. Roads, bridges, buildings are washed away. About 1 million people, in a population of 6 million, are homeless or living in badly damaged homes. In Nicaragua, the same is true for 800,000 out of 4.5 million.

Governments from Cuba to Sweden have promised help, but what is needed now is a coordinated international response led by the United States. Private banks, multilateral lenders such as the World Bank and major investors must be involved along with governments.

Debt relief is the first order of business. Nicaragua already was paying interest on its debt equivalent to more than 40 percent of exports. Now such sums are clearly unsustainable. Central American leaders also call persuasively for a continued moratorium on U.S. deportations of illegal Central American immigrants, for easier access to U.S. and European markets and for aid and investment on a far grander scale.

None of this is as easy as it sounds. Debt write-offs always come with a cost; they discourage future investors. Extraordinary circumstances now justify debt relief, but relief carefully tied to reconstruction and poverty alleviation. Aid can stimulate corruption and political dislocations; it must be targeted and monitored. All should be worked out as publicly as possible, with the involvement of Central American charities, church groups and other civic organizations.

Still, the need for caution cannot be an excuse for inaction. The United States has both moral and practical reasons to help out in a big way.

—THE WASHINGTON POST

Climatic Lethargy

Diplomats from more than 150 nations gathered in Buenos Aires this week to assess what they had done since the Kyoto agreement in December on global warming. The answer is: not much. They can be happy about one thing. Nobody has successfully challenged the urgency of their mission. Despite well-financed efforts by some industry groups to minimize the warming threat, the scientific consensus — that the unchecked burning of fossil fuels could someday cause great damage to the environment — remains intact. What is not intact is the spirit of common purpose that produced the Kyoto agreement.

The Kyoto Protocol committed the industrialized world to an average 5 percent reduction in greenhouse emissions below 1990 levels between 2008 and 2012 — a remarkably ambitious target, given the world's rising dependence on fossil fuels. The American target is 7 percent.

But many important details were left unsettled. Even worse, the giant developing countries like India and China have yet to be brought on board. Until that happens, ratification by the U.S. Senate is out of the question.

Meanwhile, greenhouse gases in the atmosphere continue to rise. Buenos Aires is a good place to re-energize the process. Two issues are of central importance.

Early Action. Although Kyoto's targets would not become legally binding until 2008, a quick start on the problem is essential — especially in the United States, which emits one-fourth of the world's greenhouse gases. Because U.S. emissions are projected to rise by 30 percent between now and 2008 under "business as usual" scenarios, it would be foolish to dawdle. Last-minute efforts to reverse the energy trajectory would be ruinously expensive.

A surprising number of American companies like the idea of early action.

For the last year, two public-interest groups — the Pew Center on Global Climate Change and the Environmental Defense Fund — have been signing up companies like Boeing, United Technologies and British Petroleum that are prepared to reduce their own emissions even before a treaty is ratified. But the list would surely be longer if some way could be found to reward companies for taking action now, perhaps by giving them credits they could use to meet whatever obligations they incur when the agreement finally kicks in.

Emissions Trading. The United States would have rejected the Kyoto Protocol if it had not included a provision that allows the sale or trade of emissions allowances among nations. In theory, industrialized nations that cannot quickly meet their targets without crippling energy taxes or costly investments would be able to "buy" pollution permits from poorer countries whose economies are so inefficient that even small adjustments can achieve big reductions in emissions. That transfer of capital, in turn, could help developing countries invest in cleaner technologies.

The British, among others, fear that the United States will exploit the trading plan to avoid making any real cuts in emissions, buying reductions from others instead. These fears are exaggerated. But the best way to put them to rest is to invite U.S. companies to start cutting their emissions now. That would also send a positive signal to the less-developed countries, which are unlikely to cut their energy use and prejudice their chances for further growth unless they are sure America is serious.

The United States obviously cannot go it alone. Global warming demands a global response. But the rest of the world is not going to move without the leadership and example of the world's biggest producer of greenhouse gases.

—THE NEW YORK TIMES

War Is Justified Only if Aimed to Oust Saddam

By Jim Hoagland

WASHINGTON — President Bill Clinton moves toward military strikes on Iraq this month determined not to repeat the chaos and mistakes of the failed confrontation last winter with Saddam Hussein over United Nations weapons inspections.

Belated attention — from a president to whom second chances are second nature — to more effective crisis management is welcome. But leaders and great nations do not live by tactics alone. Mr. Clinton must also develop a strategy to protect America's standing in the Arab world after the bombs have stopped falling.

With air strikes almost certain within the next 10 days, the change since February is clear: There will be no agonizing national debate crowned by disorderly town hall meetings, no extended diplomatic effort by the French and Russians to give Mr. Saddam (and Mr. Clinton) a way out, no last-minute mission by the UN secretary-general, Kofi Annan, to Baghdad. There may or may not be a public ultimatum to Iraq, but Mr. Clinton will not cling to it in desperate hope that it will move Mr. Saddam.

The U.S. defense secretary, William Cohen, traveled to Saudi Arabia this month armed in advance with assurances that Saudi Arabia would permit

the refueling of U.S. warplanes in northern Saudi airspace. This enabled Mr. Cohen to be far more assertive than he was on his embarrassing February jaunt, when he announced he would not press Arab nations for combat help.

Mr. Cohen and his generals have acquiesced in White House insistence on a substantial air campaign — including U.S. and British aircraft as well as unmanned cruise missiles — that will preempt criticism of "pimping raids." Their preliminary target lists underscore a reluctant U.S. acceptance that the raids will bring an end to UN on-site inspections in Iraq. Mr. Saddam can say good-bye to the production facilities for missiles and weapons of mass destruction that UN inspectors have been monitoring.

The Clintonites crossed a conceptual divide on Iraq in recent weeks. Last time they deliberately built up the imminent threat of Mr. Saddam's chemical and biological weapons as a way of building up the importance of the UN inspections. But they could not then explain how bombing Iraq would force Baghdad to resume the inspections, and folded their hand.

Washington now accepts that the inspection era is probably at an end in Iraq. Embarrassing disclosures by the former inspector Scott Ritter about U.S. fecklessness and Iraq's renewed open defiance exposed how the Annan-Saddam deal of February had effectively gutted the inspections in any event.

Note that Mr. Saddam is not objecting this time to inspection techniques. He won that battle in February. Only the husk of the inspection regime remains, serving as a possible cover for the UN Security Council to lift economic sanctions eventually. But the impatient Iraqi dictator has turned things upside down, demanding sanctions rather than as the price for continuing inspections.

Mr. Saddam will gamble that American bombs will bring Iraq sympathy from Europe and the Arab world, and splinter sanctions even more. He now earns about \$1 billion a year from smuggling and from under the table payments in the UN oil-for-food program, diplomats estimate. He can increase that surreptitious take if Iraq is seen as victim rather than perpetrator in this round of confrontation.

The Clintonites will have to fight the battle of world opinion during and after the bombing. But they should guard against treating the aftermath as one

more spin-control operation. They should not yield to the obvious temptations to play up their "success" or minimize the dangers of Mr. Saddam's continued survival and his ability to get on with redeveloping an arsenal of chemical, biological and nuclear weapons.

No operation that results in widespread Iraqi civilian deaths, as this one almost certainly will, can be hailed a success. It is instead at best a necessity.

The U.S. administration must show that it has an attainable strategic goal that could be furthered only by the violence it will visit on Iraq: the overthrow of Mr. Saddam. "Keeping Mr. Saddam in his box" is not a sufficient argument for the morning after.

The Iraqi regime is a clear threat to its own citizens and to its neighbors. Baghdad resolutely refused to give up to the United Nations the manuals, computer records and other knowledge needed to reestablish its weapons of mass destruction in a hurry.

Mr. Saddam cannot be allowed to stay in a box in which he can make and hide his deadly poisons. Only a serious, focused campaign to liberate Iraq finally from his rule can justify a return to war by the world's only superpower against a poor, broken nation.

The Washington Post

In Nixon's Footsteps, Gingrich's Path to a Comeback

By David S. Broder

WASHINGTON — Over the years, the personal shortcomings and the political miscalculations that forced Newt Gingrich to bail out of his precarious perch as speaker of the House last week have been discussed and documented so often they barely need reciting. From the hubris that led him into the fatal shutdown of the government in 1995 to the folly of his taking the point in the Republican drive for impeachment, it is a well-known tale.

But this is the moment to say why the Gingrich saga probably is far from over. I can sum it up in two words: Richard Nixon.

The parallels between the two men are striking and, if one circumstance beyond Mr. Gingrich's control breaks right for him, the story line could be the same. Mr. Nixon was 47 when he lost the presidential election to John F. Kennedy in 1960. Two years later, when he was defeated for governor of California, he was 49, six years younger than Mr. Gingrich is today.

For eight years as Dwight Eisenhower's vice president, Mr. Nixon was the second most prominent American politician and, by all odds, the most controversial. For the six years of Bill Clinton's presidency, Mr. Gingrich has

been the same. The tactics and rhetoric of both Mr. Gingrich and Mr. Nixon drew strong criticism within Republican ranks; they were distrusted by both the progressive and conservative wings of their party; and both were thoroughly reviled by the Democrats.

The defeats Mr. Nixon suffered in 1960 and 1962 were far more damaging than Mr. Gingrich's abandoning the speaker's chair to alone for Republican midterm election losses. And yet Mr. Nixon came back to win the presidency in 1968.

The necessary precondition — and the biggest uncontrolled variable in Mr. Gingrich's future — is the next presidential election.

Mr. Gingrich cannot be a plausible presidential candidate in 2000 any more than Mr. Nixon could have been in 1964. Mr. Nixon could emerge only from the wreckage of Barry Goldwater's defeat. If the Republican Party elects a president two years from now, the parade will have passed Mr. Gingrich by. But if the Democrats keep the White House, the way back for Mr. Gingrich is clear.

First, he has the capacity to retain and embellish his Nixonian reputation as the

"big ideas, big issues" man in the Republican Party. He does this by thinking, writing and speaking on the large challenges facing the United States and the world, while most others are struggling with the day-to-day minutiae of congressional legislation and state government.

Second, he has the financial and organizational base to remain an important player. Mr. Nixon survived his twin defeats because of a network of political friends. But he had only a few financial patrons in the early 1960s and a staff of one, John Sears. Mr. Gingrich has the best fund-raising list in the Republican Party and a ready-made vehicle in GOPAC, a Republican political action committee he used to create a Republican House majority.

Third, Mr. Gingrich is, as Mr. Nixon was, the best traveling campaigner in his party. He draws crowds and raises money for Republican candidates as no one else can. If the Democrats keep the White House in 2000, you can bet that Mr. Gingrich will be in demand in the elections of 2002. Mr. Nixon established his progressive claim on the 1968 nomination by being the No. 1 Republican campaigner in the congressional elections of 1966. Thirty-six years later, Mr. Gingrich may be able to do the same.

Fourth, Mr. Gingrich, like Mr. Nixon, can count on the enmity of Democrats to sustain his popularity in his own party. Just as Mr. Nixon proudly wore the bull's eye the Democrats had pinned on his chest, Mr. Gingrich will be helped among Republicans by being the continuing target of Democratic barbs.

Fifth — here is a surprise — Mr. Gingrich, like Mr. Nixon, will be kept alive by the press he claims has been out to get him. A generation ago, a platoon of reporters had made a living for years covering Mr. Nixon, and the habit was impossible to break. They went to him, as a private citizen, knowing they would get usable quotes and interesting ideas from a man more intriguing to the public than any Republican then in office.

When the clichés of the post-Gingrich Republican officeholders begin to pall, which may be soon, this generation of reporters will beat a path to Mr. Gingrich's door and, over time, help cement his reputation as Mr. Republican.

A friend at The Wall Street Journal said the biggest mistake he ever made was throwing out his Nixon files after the California gubernatorial election in 1962. Dumping the Gingrich files would be just as dumb today.

The Washington Post

On Trial Along With Microsoft, America's Values and History

By Robert J. Samuelson

WASHINGTON — The real drama of the antitrust suit against Microsoft has little to do with software, the Internet or browser wars. It has everything to do with social standing and reputation. It also amounts to an argument about America, because it poses messy questions about its history and values.

Only a few years ago, Bill Gates and Microsoft were widely celebrated as symbols of Americans' ability to pioneer and popularize new technology. Now they are widely stigmatized as outlaws whose immense fortunes stem from vicious and illegal competition. Which is it? Whatever the courts ultimately decide will be the larger question and, in the process, either bless Mr. Gates' success or brand him as a national delinquent.

Microsoft is not simply resisting antitrust charges. It is also

waging a campaign for public approval. For many computer executives, the issue is already settled. They see Mr. Gates as an unchastened bully who will attack his rivals by almost any available means. But among the wider public the question remains open, and not merely because Microsoft's customers and stockholders are fairly satisfied.

It stays open because it touches our confused feelings about the dogged pursuit of material gain and wealth. By and large, Americans regard earned wealth as a badge of success. One reason is that getting rich affirms faith in hard work and individual opportunity. A 1996 CBS News poll asked, "Do you think it's possible to start out poor in this country, work hard and become rich?" The answer: yes, 78 percent; no, 18 percent.

People also think the wealthy provide jobs and investment. But too much wealth is also suspect. In 1992 about two-thirds of Americans thought the rich used their wealth "mostly to protect their positions in society." And most Americans do not think money buys happiness. A 1996 Gallup poll asked, "If you had your choice, would you want to be rich?" Almost 40 percent said no.

This ambivalence toward wealth rises with the amount. By the time we reach the super rich — say, anyone with \$1 billion — we are totally muddled.

American Heritage magazine recently listed the 40 richest Americans ever. The list compares people's wealth to the economy when they lived. The top five are:

- John D. Rockefeller (1839-1937): \$190 billion, oil.
- Andrew Carnegie (1835-1919): \$101 billion, steel.
- Cornelius Vanderbilt (1794-1877): \$96 billion, ships and railroads.
- John Jacob Astor (1763-1848): \$78 billion, fur trading and real estate.
- Bill Gates (1955-): \$62 billion, software.

Few 19th-century moguls were popular. "Cartoonists depicted them as top-hatted, pig-snouted ... manipulators of politicians and the public," writes John Steele Gordon, an American Heritage columnist.

But the stereotypes were too narrow. The super wealthy raised living standards by reducing costs and expanding markets. Rockefeller cut oil prices by hiring his own transport and making his own barrels. Carnegie improved steel quality and lowered costs.

Their success stemmed in part from an obsessive drive and a pitiless attitude toward competitors. "Whatever I engage in I must push inexorably," Carnegie once wrote. Believing monopoly efficient, Rockefeller offered to buy out his rivals. Those who refused were crushed.

Bill Gates fits this tradition in dollars, and in spirit. Does anyone doubt that, deep down, Mr. Gates would really like to obliterate all competition?

Microsoft's market power discomforts its competitors and could ultimately eliminate some of them. The company's dominance could also someday stifle investment in new technologies.

But the problem for the anti-Microsoft crusade is that none of these awful things has yet happened. They are all largely hypothetical, and there is no law against abnormal ambition or aggressiveness. Innovation still flourishes; most Microsoft rivals survive, and consumers seem to benefit from intense competition.

Until now, most Americans have viewed Mr. Gates favorably. In a Washington Post poll in January, 50 percent of respondents credited Microsoft's success to good products and only 22 percent to unfair tactics.

The antitrust suit aims to change that by showing that Mr. Gates is more a throwback to the 19th-century robber barons than an innocent software geek. This may be. But the single-minded qualities that shares with them — a fierce, unperpetually expanding enterprise — have historically advanced the economy.

There looms a struggle for hearts and minds, because Americans seem to approve of the results without always approving of the people who achieve them.

The Washington Post

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Race Troubles

WASHINGTON — The race trouble growing out of the elections in the States of North Carolina and South Carolina formed the subject of discussion at the cabinet meeting. The riding resulted from the determination of the white people to maintain control at Wilmington, N.C. A state of things bordering on anarchy is reported. The negroes holding office have been forced to resign, and the machinery of the Government has been placed in the hands of a committee of white people.

1923: German Reply

PARIS — Replying to French intimations that political events in Germany seem to point to the establishment of a dictatorship which would repudiate the Treaty of Versailles and prepare a war of revenge, Chancellor Stresemann declared that the

German people alone could decide what form of government they would choose. He said the activity of extreme elements was due to the desperate economic situation that the French Prime Minister could have helped to remedy had passive resistance not been followed by constant attacks on the German Government, with the result that the position of the Rhine and Ruhr regions was worse than ever.

1948: Chinese Battle

NANKING — The greatest battle in Chinese history, involving more than 1,000,000 men, raged north of the Yangtze River. Chiang Kai-shek's government declared martial law in Nanking and Shanghai, sent out rice riots and looting. General Teng said the Communists hurled 50,000 men into the battle, which was more severe than any fought in the Sino-Japanese war.

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It's Time
Step Up
on

OPINION/LETTERS

'Media-Struck' America Showed That It's Not So

By Richard Polls

AUSTIN, Texas — Since January, no story has seemed more engrossing to American audiences, or more illustrative of American immaturity, than the saga of the president and the intern.

In Europe, even as pictures of Monica Lewinsky eclipsed those of Princess Diana and Leonardo DiCaprio on the newstands, I heard once again the two-century-old cliché that Americans are puerile and puritanical. Worse, as the principal victims of a media culture that has spread throughout the world, Americans appeared to be hypnotized by the tales of presidential sex in the Oval Office.

Indeed, many of my European friends regarded the American fixation on the scandal as a menace to international stability, since it threatened to remove from office the leader of the world's only superpower. They also saw it as a symptom of how the American media turns it audiences at home, and potentially abroad, into passive receptacles for hype and publicity.

Yet on Election Day, America's infantile obsessions mysteriously vanished. Did the American voter turn out to be a European-style adult after all? Was the electorate willing at last to distinguish between a president's private life and his public policies? Or did European critics and American pundits alike overestimate the power of the media to influence what people think and how they act?

It is certainly true that for nearly a year Americans have been deluged with stories about President Bill Clinton's misbehavior, and with prophecies of his imminent resignation or impeachment.

Ratings and sales figures do not lie. The weekly newsmagazines, as well as CNN and MSNBC, all saw their audiences expand with each sensational revelation. The presidential "crisis" became a staple for radio talk-show hosts and for the more solemn interviews with politicians on the Sunday morning television programs.

Hollywood contributed to the pandemonium. Although the movie version of "Primary Colors" was more successful at attracting publicity than at seducing ticket-buyers, "Wag the Dog" entered the lexicon as a scenario for using war to distract attention from White House improprieties.

The election's astonishing results do not necessarily signify that Americans are indifferent to the sexual transgressions of their leaders. But the results do suggest that the U.S. communications industry has far less impact on audiences than is usually claimed by those who fear the global ascendancy of American mass culture.

People in America (and in other countries, too) are not permanently plugged in to their television sets or the Internet. They spend much of their time doing, and caring about, other things. They are swayed not by the media's preoccupations but by their own concerns — by how they were raised, by the pressures they encounter at work and at home.

What the election also indicates is that people are selective in their reactions to mass culture. Audiences tend to be skeptical, accepting some information while dismissing most of what they hear. It is not just that people reinterpret the media's messages to suit their needs. More often, they simply discard whatever has no relevance to their daily lives.

This mistrust of the media may be a sign not only of America's growing maturity, but also of its loss of faith in heroes of all kinds. The DNA tests showing that Thomas Jefferson had an affair with a slave have not endangered his place in the pantheon of American political leaders. But the news does make him appear more human, and thus more Clintonesque.

As for the decline in the stature of journalists, recall the scene that ends the movie "All the President's Men." "Robert Redford and Dustin Hoffman, Hollywood's incarnations of Bob Woodward and Carl Bernstein, are pounding away at their typewriters while on a television screen Richard Nixon's presidency is seen to disintegrate.

Then, the media's power never seemed more noble. Today, its ability to shape events has never seemed more negligible.

The writer, a historian at the University of Texas, is the author of "Not Like Us: How Europeans Have Loved, Hated and Transformed American Culture Since World War II." He contributed this column to the International Herald Tribune.



LETTERS TO THE EDITOR

German Memories

Regarding the report "A Nazi Horror Echoes in a Divided Germany" (Nov. 10):

Throughout the postwar period, the majority of Germans have refused to deal with the catastrophe brought on European Jewry during the Third Reich. Only a small fraction of the population has been willing to face the fact that the Holocaust is the defining event of German history in the second half of the 20th century, so it is not surprising that there still is no central memorial commemorating this tragedy.

When the German writer Martin Walser says that "Auschwitz is not suited to becoming a routine threat," he is just persisting in this fashion. I agree with Chancellor Gerhard Schröder that "it is our task to fashion the present and the future so the past cannot repeat itself." But if you do not want to remember the past because it is troublesome, how can you properly fashion the present and the future?

Xenophobia and doubt over the functioning of democracy unfortunately are widespread sentiments in this country. There cannot be too much of remembering and drawing the right conclusions. Or will it take another couple of decades and even stronger efforts to achieve normalization?

KNUT HERWIG, Hannover, Germany.

On Monday, the 60th anniversary of Kristallnacht, there was a remembrance at the site of the old synagogue in Freiburg. I took my 5-year-old son. He is only half German, and I do not believe he has any responsibility for something that occurred 55 years before he was born. But I want him to know about this tragedy in the history of one of his two countries. When he is older, I want him to understand what happened and, most importantly, to never forget.

DAVID T. ZABECKI, Freiburg, Germany.

For Aid Without Strings

The United States has a chance to redress its century-long errors in Latin America. Nicaragua and Honduras are in ruin. Washington must, without political constraints, provide the means and the leadership so that these two countries can rejoin the mainstream of the global economy.

KROV MENUHIN, St.-Rémy-de-Provence, France.

A Weighty Contribution

If there were a practical way to simulate weightlessness on Earth — for say, the nine days John Glenn, the U.S. senator and former astronaut, spent in orbit — scientists would go for it. Those who said the orbital test of weightlessness on an aged body would not yield useful data should publish estimates of the differences between the effects on Mr. Glenn, 77, and the younger crew members. This would be a contribution to advancement of science by the never-ending comparison of theories with actual events.

HUGH BONE, Oyster Bay, New York.

Regarding "Disorder in the Family" (Opinion, Nov. 5): Please send me the phone number of the writer so I can ring her the next time my six-year-old calls for me — and not his mother — at 3 A.M. Perhaps she could then explain to him that "no little kid who is hungry or frightened ever calls for his daddy in the middle of the night." I'm sure he'll change his ways when he learns how "disordered" our relationship is.

RONALD C. FAUST, Frankfurt.

Correction

A column in Tuesday's editions ("After the War, How to Keep Peace and Rebuild Society") incorrectly identified the agencies that initiated the War-Torn Societies Project. These are the United Nations Research Institute for Social Development and the Program for Strategic and International Security Studies.

The writer, a senior scholar at the Woodrow Wilson Center, was director of the U.S. Holocaust Memorial Museum from 1995 to 1998. He contributed this comment to the Los Angeles Times.

Only Words of True History Should Mark These Camps

By Walter Reich

WASHINGTON — The escalating controversy over the presence of crosses and churches at Auschwitz in Poland has provoked increasing rancor between Poles and Jews.

As Jews have protested the presence of Christian religious symbols and structures at the death camp and as Poles have responded

ing them there even after the Polish government and the Polish bishops urged that these new crosses be removed.

One Polish nationalist insisted that "Jews cannot tell Poles what to do" on their own soil. Others, including skinheads, asserted that Jews controlled both the government and the church.

On Aug. 11, six members of the U.S. Congress wrote the Polish prime minister protesting the new and old crosses at Auschwitz I and the Birkenau church. Such religious symbols and structures, they said, are "inappropriate at this location and are in violation of the UNESCO agreement which Poland signed in the late 1970s." They stressed that they respect crosses and churches as places and symbols of holiness, but added, "We believe they do not belong at this place such as Auschwitz-Birkenau." The signing of the agreement has been postponed.

Unfortunately, the same kind of controversy could well erupt at the sites of several other Nazi death camps in Poland, which were pure extermination centers focused overwhelmingly on the murder of Jews. At Treblinka, it is conservatively estimated, 750,000 were gassed, including most of the Jews of the Warsaw Ghetto; at Belzec, about 600,000, perhaps more; at Sobibor, about 250,000; at Chelmno, about 320,000. Given the inadequacy of records, these numbers can only be estimates.

Crosses have been erected at some of these sites, and more seem likely to come. Eventually, these death camps in Poland may be seen primarily as places of Polish Catholic martyrdom, with the true identity of the victims distorted by the religious symbols and structures.

There should be no religious symbols or structures of any faith at the camps. The ashes of the dead should be allowed the undisturbed dignity of their tragic repose. Only words of accurate history should be placed at those sites to tell visitors who was murdered there, how many and why. Only truth can be their fitting and lasting memorial.

The writer, a senior scholar at the Woodrow Wilson Center, was director of the U.S. Holocaust Memorial Museum from 1995 to 1998. He contributed this comment to the Los Angeles Times.

It's Time to Step Up To the Plate on Climate Change.

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To reduce emissions and the consequences of global climate change, every country needs to play ball. But just as athletes play different positions depending on their strengths, countries should work to the best of their abilities in addressing the climate change issue. The countries that must lead the way are those that emit the largest volume of greenhouse gases; enjoy the highest standard of living; or have the most significant opportunities to reduce their emissions.

All countries should be able to maintain or improve standards of living as they work to address climate change, particularly if the international community takes advantage of emission reduction opportunities where they exist. And with everyone on the playing field, doing their fair share, the game can begin.

INTERNATIONAL

UN Evacuates 230 Staff From Iraq After Warning of U.S. Strike

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — After a warning from the United States that a military strike on Baghdad may be imminent, the United Nations abruptly evacuated more than 230 foreign staff members from Iraq on Wednesday, including all weapons inspectors.

An additional 41 people from various agencies will depart on Thursday, leaving only essential officials behind.

Russia, angry that there had been no consultation with all Security Council members before a decision was made to withdraw the arms inspectors, called a meeting of the council on Wednesday to demand an explanation from the chief inspector, Richard Butler.

The UN secretary-general, Kofi Annan — who went to Baghdad in February and persuaded Iraq to back down in the face of an earlier American threat — said in Morocco on Wednesday that he was cutting short a North African trip to return to New York on Thursday.

But Mr. Annan had no plans to go to Baghdad to meet Iraqi officials here, his spokesman, Fred Eckhard, said. In Marrakech, the secretary-general said that he was "saddened and burdened by Iraq's decisions not to cooperate with UN weapons inspectors."

Mr. Eckhard said that for now Mr. Annan's role would be "to monitor the Security Council's deliberations, to confer with members of the council and basically to stay on top of what is developing as a crisis situation."

Mr. Annan discussed the Iraqi crisis with a high-level Clinton administration official in the last 24 hours, his spokesman said. But the secretary-general has not been in direct contact with President Saddam Hussein, who after meeting him in February agreed to give full access to inspectors.

Mr. Annan's special envoy to Iraq, Prakash Shah, is staying in Baghdad. He was told again Wednesday by Deputy Prime Minister Tariq Aziz that the Iraqis would cooperate only when the Security Council acts to lift sanctions. The council is now unified in responding that this cannot happen until unfettered inspections resume.

Mr. Butler, the executive chairman of the UN Special Commission, which is known as Unscm and is charged with dismantling Iraq, said Wednesday that he had been warned of possible attacks on Tuesday night by the American chargé d'affaires, Peter Burleigh, who is also president of the Security Council for November.

"I was obliged to act quickly, to take the decision that I took because of the



An F-14B readying for flight off the Enterprise, the aircraft carrier leading a naval battle group to the Gulf, as Washington builds up its forces there.

strong recommendation that had been put to me, which could have impact on the safety of our people," Mr. Butler said. "The decision I took was motivated overwhelmingly by the concern for the safety of our personnel."

"The atmosphere in which our people

have been working in recent weeks has been declining," Mr. Butler said, describing the mood in Baghdad as "increasingly hostile."

By way of example, he said that he had spent all day Tuesday "dealing with an absolutely unfounded allegation by

Iraq that one of our inspectors had committed an act of espionage."

The inspector, who was not an American, left with the others on Wednesday, he said.

Mr. Butler, who is leaving behind a skeleton staff of Iraqis, said he was confident that the equipment and documents Unscm left behind were safe. The monitoring center, on the edge of Baghdad, is lightly guarded.

Inspectors from the International Atomic Energy Agency were also withdrawn, leaving the Baghdad monitoring center "dead," an official said here on Wednesday. The arms inspectors — 92 from Unscm and 11 from the atomic agency — flew to Bahrain on Wednesday morning on a UN-chartered aircraft.

On Oct. 31, when Mr. Hussein ordered all cooperation with inspectors to stop, the Iraqis differentiated between Unscm and the atomic agency in the treatment meted out to them. Unscm looks for biological, chemical and prohibited, nondefensive missile activity. Nuclear programs fall under the International Atomic Energy Agency, which has been reporting for a year that it finds no evidence of nuclear weapons in Iraq.

Nuclear inspectors were allowed to continue their monitoring, in an Iraqi effort to drive a wedge between them

and the independent and more aggressive Unscm teams, which work directly for the Security Council and which have not been as optimistic in their assessments of how close Iraq is to being declared free of weapons.

In recent weeks, however, the atomic agency has joined Unscm in warning that an Aug. 5 decision by Iraq to ban intrusive, short-notice inspections to new suspect sites was crippling the ability to do adequate long-term monitoring.

Both inspection systems have shifted focus to a large extent to preventing Iraq from rearming, given large outstanding questions about past programs. Spot inspections are critical to that effort, as they would be to a long-term monitoring system the Security Council has intended to keep in place even after the lifting of sanctions.

The United Nations also withdrew from Iraq on Wednesday 130 staff members from agencies such as United Nations Development Program and the World Food Program, as well as the staff of the "oil for food" office that monitors the plan under which Iraq may sell limited amounts of petroleum for purchases of essential civilian goods and equipment to improve public services. Only the heads of the agency offices in Baghdad will remain.

Scam Victims Ask Beijing for Justice

By Michael Laris
Washington Post Service

BEIJING — Two hundred angry investors — many of whom had been bilked out of their life savings — marched through the center of Beijing on Wednesday in a bold, last-ditch effort to pressure the government to compensate them for losses they suffered in a multimillion-dollar futures scam.

The demonstrators marched past Tiananmen Square and gathered at the main gate of the state-run Xinhua press agency, where they were held at bay by dozens of police. The daring challenge to officialdom came in response to a report by Xinhua on Sunday that mentioned the swindle at the Xingoda

Futures Co., Ltd. for the first time.

The report acknowledged that more than 4,000 Chinese investors lost more than \$44 million dollars at Xingoda when its leaders fled in August. It made no mention of any government ties to the firm.

Investors and former employees said that the company had links to the People's Armed Police and that its business was officially sanctioned. Protesters passed out flyers Wednesday accusing officials of trying to "skillfully escape."

The three leaders of what Xinhua called the "criminal clique" have been arrested, including a Chinese-born resident of Taiwan who holds a passport from Belize. Police have so far recovered less than \$3 million worth of

cash and property in the scam.

Demonstrations ranging in size from several dozen to 700 have been held repeatedly in Beijing since summer, and the Xingoda investors, many of whom are laid-off workers and retirees, have become increasingly desperate. While the protest Wednesday ended peacefully and there were no known arrests, one investor who took part in an earlier protest has been detained since Sept. 11, a relative said.

Li Xinying, a 47-year-old worker at a Beijing paper factory, was taken away by uniformed and plain-clothes police who said they wanted to "understand the situation," the relative said. Miss Li and her coworkers invested \$365,000 in Xingoda. Relatives do not know where she is being held.

STRATEGY: Heavy Bombing Counted On to Blunt Saddam

Continued from Page 1

British official said. For that, a sustained campaign of air strikes, involving not just cruise missiles but also heavy bombing, could destroy industrial facilities that Western intelligence, helped by UN inspectors, has identified as part of the Iraqi military complex.

"Will you get it all? Probably not, but you probably can get most of it and, most important of all, you almost certainly can make it financially difficult for them to operate in a way that allows them to augment their capabilities," according to John Pike, a specialist in Washington at the American Federation of Scientists, a body often critical of U.S. hopes for high-performance weapons.

Crucially, too, the air campaign would have to cripple the intelligence apparatus, known as the Special Security Service or Al Amn al Khas, that is identified with Mr. Saddam's grip on power. This 5,000-man service, which includes relatives trusted by Mr. Saddam and has been constantly equipped with the latest in surveillance and communications equipment, has also handled the most sensitive aspects of Iraq's clandestine weapons program, Mr. Pike said.

"Without offices and computers and motor pools, the service will lose much of its ability to keep shunting the key weapons stocks around the country and confining guaranteeing the personal security of Saddam," a French government specialist agreed. He said that weakening the Special Security Service might help open the way to an army coup, which most Western governments see as the best hope of replacing Mr. Saddam.

This idea of targeting the security organization as a way of disrupting Iraq's weapons program was a "breakthrough," according to Mr. Pike, who said it had been first worked out by Scott Ritter, the UN inspector who resigned two months ago in frustration and protest against what he said was the Clinton administration's reluctance to apply military pressure. Mr. Ritter himself said that the key "methodological breakthrough" came from Israeli intelligence.

Inflicting such lasting damage would be beyond the capability of cruise missiles, which have comparatively small warheads, and would require raids by B-52 Stratofortresses and probably even B-2s dropping clusters of high-explosive bombs. The B-52s could operate from the large base on the Indian Ocean island of Diego Garcia while the B-2s could make the bombing run from the United States.

More than 100 Iraqi sites are involved in the three sets of targets: suspect sites where prohibited arms might be hidden; industrial production facilities that could be used by Iraqi scientists to manufacture biological or chemical weapons in quantity; and the offices, personnel and infrastructure of the Special Security Service.

In Baghdad, the security service alone

has a half-dozen facilities including multistory office blocks, a prison, an arsenal, a gun club and a communications center. Nearly 60 installations do biological work. The industrial facilities, some of which also have civilian activity, are strung along the Euphrates from Turkey to the Gulf.

Unpredictably heavy civilian casualties seem inevitable in an air campaign on this scale. Some factories will be involved in civilian work alongside their military activity. The Clinton administration has sought to avoid this issue by relying on cruise missiles to minimize the risk to U.S. pilots and to civilians near the target.

In the current scenario for Iraq, these stand-off missiles offer low-risk advan-

ages in eliminating air defenses and providing pinpoint accuracy against targets such as the security service's main facility in central Baghdad.

But fighter-bombers would be central to a sustained air campaign, experts said. Pentagon spokesmen have become hazy about operational movements, but the navy could have two or perhaps three aircraft carrier battle groups on station outside the Gulf by late November, with Tomahawk cruise missiles and F-14 fighter-bombers.

Once a major bombing campaign started, U.S. officials said, F-15 and F-16 fighter-bombers, together with British and French planes, could probably operate from bases in Saudi Arabia to sustain the military pressure on Iraq.

IRAQ: Clinton Says U.S. Is Ready to Act

Continued from Page 1

meeting in New York to consider its response. Richard Butler, chairman of the UN Special Commission, which is responsible for the arms inspections in Iraq, spoke of "very active dialogue and discussion taking place" between Iraq and the United Nations.

The UN secretary-general, Kofi Annan, cut short a visit to North Africa for five days to return to New York. There was "no indication," however, that he might return to Baghdad in an effort to negotiate a peaceful resolution to the crisis, as he did last winter.

U.S. officials have emphasized that Mr. Clinton has made no decision to order an attack. But General Henry Shelton, chairman of the Joint Chiefs of Staff, said the United States could strike at any time. "Saddam Hussein has been given adequate warning," he said. "All options remain on the table."

The UN said that all of its remaining weapons inspectors had evacuated Baghdad on Wednesday for Bahrain. It was the first time since the 1991 creation of the special commission after the Gulf War that all UN inspectors have been out of the country at once.

The latest showdown began Oct. 31 when Baghdad announced it was halting cooperation with the commission, known as Unscm, a move condemned by the Security Council and the United States.

Mr. Clinton has telephoned world leaders in recent days to generate support for a possible show of force. A failure to respond with determination now to Iraqi defiance, he said, "would permanently damage the credibility of the UN Security Council."

It would also, he said, "embolden Saddam to react recklessly," possibly by threatening his neighbors or ethnic groups in Iraq.

[Opposition to a possible attack began to emerge Wednesday in the Arab world, Reuters reported from Kuwait. It quoted

President Hosni Mubarak of Egypt as saying that no Arab state supported the use of force.]

Russia also counseled against the use of force, with Foreign Minister Igor Ivanov saying Wednesday that Moscow remained firmly opposed to any use of force against Iraq and that only diplomatic means could solve the conflict.

Attitudes toward Baghdad appeared to be hardening elsewhere. The foreign ministers of Norway, Sweden, Denmark, Finland and Iceland jointly condemned Iraq's refusal to cooperate with UN inspectors.

Mr. Clinton reminded listeners of the seven-year history of tension and crisis between Iraq and the United Nations, over the weapons inspections. Repeatedly, he said, "We have gone the extra mile to obtain compliance by peaceful means." Mr. Clinton said there was still an "easy way" for Iraq to cooperate: "Let Unscm do its job, without interference."

Otherwise, "if the inspectors are not permitted to visit suspect sites, or monitor compliance at known production facilities," he said, "they may as well be in Baltimore, not Baghdad."

■ Iraq Prepares for Possible Strike

Mr. Saddam was smiling as he led a cabinet meeting Wednesday to discuss measures to confront a possible U.S. military strike, Agence France-Press reported from Baghdad.

"The Iraqi cabinet considered deeply and carefully the possibility of an American-Zionist strike that the U.S. administration has threatened against our people and our homeland without any mandate or Security Council resolution," the official press agency, INA, said.

The cabinet reviewed "measures taken by the different ministries to meet any eventuality," the agency added.

It gave no other information, but a report indicated that Iraq was beginning military preparations in case of a possible U.S. strike.

ARMISTICE: Veterans of World War I Are Honored in Europe

Continued from Page 1

and other soldiers died in the 1914-1918 war, robbing a generation of its young men and a continent of its hope.

Only in Germany, the vanquished nation, which lost 1.7 million men, did business continue almost as usual on Wednesday.

Although Armistice Day in Europe is dedicated to mourning and memory rather than to victory, to the Germans it is inevitably a reminder of defeat — and worse still, the ensuing blot of Hitler's Third Reich and the carnage of a second world war that followed, many believe inexorably, from the vengeful terms of the 1919 Versailles Treaty, which concluded the war remembered Wednesday.

The new German chancellor, Gerhard Schröder, cited a scheduling conflict in withdrawing from a joint ceremony with Mr. Chirac at a French village where the last, almost certainly unnecessary, battle of the war took place.

The chastening dealt to Europe by its two wars has been the spur of its late-century project of unification, and engendered a permanent sense of the past's ominous proximity to the present. History's ghosts are an obsession here and commemorative events that stir the ashes of nationalism and bloodshed cannot help but be awkward and unsettling.

That has been true here in recent days not just between old enemies reborn as partners, such as France and Germany, but also among the descendants of the victors. The advent of this 80th anniversary moved the French prime minister, Lionel Jospin, to pay homage to a few score French soldiers "shot as examples" for refusing to follow orders to be slaughtered — following some 200,000 of their fellows — in an ill-conceived 1917 counterattack against the German front lines.

The general who gave the orders was replaced, but the "mutineers" of Chemin des Dames, the ridge northeast of Paris where the battle took place, have always been consigned to a shadowland of shame.

Such is France's persistent unease with the whiff of treason, however, that President Chirac reproved Mr. Jospin for his "inopportune" comments, triggering a volley of political charges and countercharges.

Mr. Chirac, the center-right chief of state who surrendered the machinery of

government to Mr. Jospin's Socialist-led majority in an electoral thrashing last year, was vigorously supported by his allies. They accused the prime minister of playing politics with sacred memory, of encouraging disobedience in the ranks and, one said, of "winking at the pacifists."

But Mr. Jospin apparently unearthed a seam of desire for reconciliation, or at least for recognizing the senselessness of a conflict that deprived France of 1.3 million young men and women and settled nothing between the adversaries.

Valéry Giscard d'Estaing, the former French president who comes from Mr. Chirac's political family, sided with Mr. Jospin, and so did the Italian defense minister, Carlo Scognamiglio, who urged posthumous honors for Italy's own executed World War I mutineers, officially numbered at 750.

Declaring himself "in perfect agreement" with Mr. Jospin, Mr.

Scognamiglio said Sunday, "How can you not be on the side of those who tried to avoid a stupid and useless death?"

"Those poor soldiers shot by our execution squads were no less heroic than those who fell in combat."

Mr. Jospin's defenders in the controversy cited President Chirac's own noble hour of historical candor in 1995. Only days after taking office, he told the French people that the time had come to acknowledge their own complicity with the Nazi-dominated Vichy regime that governed France during most of World War II and their passivity — at best — while nearly 76,000 French Jews were shipped to Nazi gas chambers.

After the World War I ceremonies Queen Elizabeth and President Chirac together dedicated a statue of Winston Churchill, who supported de Gaulle's free French government-in-exile in London during World War II.

RUSSIA: Lawmaker Seeks Quotas on Jews

Continued from Page 1

the largest television network along with oil, aviation and auto industry holdings.

"Don't behave as a yid," Mr. Makashov said of Mr. Berezovsky, using a slur for Jew. "Give this country, this nation," a billion or two "of your green money, and this nation will calm down."

Mr. Zyuganov has also joined in the attacks on the tycoons. In a statement today, he lambasted "these henchmen of criminal capital" and claimed they had stirred up the controversy.

Mr. Makashov told an Italian newspaper, La Stampa, that a quota should be imposed on the number of Jews in Russia. When he was asked about the interview, he attacked the television journalist Pavel Lobkov, whose channel, NTV, is owned by tycoon Vladimir Gusinsky, a leader of the Russian Jewish community.

"You destroyed Russia," Mr. Makashov said. "Wait until a wave of peoples' indignation rises against those like you."

When Mr. Lobkov said he was not Jewish, Mr. Makashov fired back, "You are acting worse than the worst of the yids." Few Jews are left in Russia, but many yids remain," he said.

Mr. Zyuganov has repeatedly sidestepped Mr. Makashov's remarks. On Tuesday, he insisted that Mr. Makashov couldn't be anti-Semitic because he served in the "multiethnic Soviet Army." Then Mr. Zyuganov attacked Jewish journalists. "For numerous reasons," he said, "among the 'democratic' journalists eating from the hand of the regime, there are numerous ethnic Jews who turn the nation into dopes and night."

But Mr. Makashov's latest outburst brought criticism from many others. Vladimir Ivenenko of the centrist Yabloko party said Mr. Makashov "is a person with specific deviations in his health, and it is difficult to do anything about him." The problem, he said, is that the Communist faction has not "disassociated" itself from Mr. Makashov. The Communists, he added, "are now announcing clearly and distinctly that such unbelievable views are possible at the end of the 20th century."

The two leaders of Parliament's lower and upper houses, both Communists, Gennadi Seleznev and Yegor Stroyev, took issue with Mr. Makashov. "I'm not taking part in this dirty business," Mr. Stroyev declared. Mr. Seleznev said he would vote to lift Makashov's parliamentary immunity to prosecution.

Whether the Palestinians have met their security obligations under the accord, he said.

As one of the conditions for approval, Mr. Netanyahu said Israel would "continue strengthening Jewish settlements in the West Bank and Gaza Strip." He hinted that he would soon approve the construction of homes in a controversial new neighborhood in East Jerusalem.

Another condition is that the Palestinian National Council, the top Palestinian political body, hold an "appropriate vote" to reaffirm the cancellation of anti-Israel clauses in the Palestinian covenant, he said.

But Mr. Netanyahu also said that, in line with the Wye River agreement, Israel would authorize the opening of the first Palestinian airport in Gaza "as of next week" and would begin releasing Palestinian prisoners.

(AFP, AP, Reuters)

ISRAEL: Cabinet Approves Peace Accord — but Adds Provisions

Continued from Page 1

threats attached to Israel's ratification. "We call on the Israeli government not to use the language of conditions and threats because this is not within the framework of the agreement and any conditions outside the framework will be a violation of the accord," he said.

"We are committed to what we signed in Wye River and we will implement the agreement word for word, not more, not less," he said.

Under the terms of the agreement signed Oct. 23 in Washington, Israel is to withdraw over three months from an additional 13 percent of the West Bank in exchange for a series of Palestinian actions against anti-Israel militants.

The pullbacks were due to begin next Monday, with Israel withdrawing fully from 7 percent of the West Bank now under shared control with the Pales-

tinians and transferring another 2 percent of the territory now under its exclusive rule to shared control.

In all, the agreement will increase the West Bank area under exclusive or partial Palestinian control to 40 percent from 27 percent, in addition to the 60 percent of the Gaza Strip controlled by the Palestinian Authority under Yasser Arafat. The delay in Knesset ratification appeared certain to push back the start of the withdrawals by several days.

Speaking at a news conference, Mr. Netanyahu said, "We took our decision while respecting three principles — security, reciprocity and a determination to maintain the land of greater Israel. It is hard for us to give up even one square centimeter of land."

He said he would bring each stage of the phased pullback over the next three months to the cabinet for separate approval. Ministers will be asked to de-

FRANCE: Effort Gets Under Way to Educate Future World Leaders

Continued from Page 1

terms a "market dominated by the Anglo Saxons" that could be developed into a significant point of supply for "the influence of France." It said, "There are numerous countries that potentially could seek our services and are indeed ready to pay for us to receive and train their students, executives and technicians. In addition, France and the Latin countries represent an alternative for them to the cultural monopoly exercised by the United States."

Catherine Bizot, Mr. Allegre's assistant for international affairs, said that the government had no intention of changing the French university tradition of not charging for education.

"The fact is," she said, "in some places like Asia it is often assumed that if you don't charge for education, it isn't any good. You won't pay for your studies in France, but there will be charges involved for the services we will provide for foreign students. We've figured out the costs and they will very probably mean that an education in France will be less expensive because we will not touch the principle of free studies."

On the subject of the use of English, Mrs. Bizot said that there were a considerable number of courses given in English in French universities, and that the use of French was not viewed in an "absolutist" way. Personally, she said, she would want the possibility for exams to be given on demand in English — this

alternative exists in some universities in Germany and the Netherlands — but she acknowledged that this was not yet the case. Her major task for the time being, she said, was making the French university curriculum coherent and comprehensible for the outside world.

Asked whether he regarded France as a potential competitor in the higher education market, an ambassador from an English-speaking country replied, "You certainly could get a fine education in

France. But the fact is that our universities are offering a kind of guaranteed passage into the English-speaking world. I am not sure that if you go for an interview at this or that bank, and you tell them that you're an Enarque — a graduate of the Ecole Nationale d'Administration — "that it's going to be all that meaningful."

Mrs. Bizot disputed this, citing the example of French engineers in the United Kingdom, who she said were in very high demand.

JAKARTA: Students Step Up Protests

Continued from Page 1

conscious by officers, his face bleeding. Troops then fired shots and lashed out with clubs, injuring several protesters and three local news photographers. About 40 Indonesian journalists later protested at Parliament against the treatment of their colleagues, demanding that the officers who beat them be put on trial.

The driver of the car, a student from the prestigious University of Indonesia, was arrested. It was not immediately known why he was arrested in the line of security forces.

At another protest, two female students were hospitalized in serious condition after they were run down by a car. The privately owned RCTI television quoted witnesses as saying that military personnel were in the vehicle.

In May, riots erupted across Jakarta when military personnel shot to death four student protesters. The unrest, fueled by discontent over Indonesia's worst economic crisis in decades, helped oust Mr. Suharto after 32 years in power.

■ Inquiry on Suharto's Wealth?

All factions in the People's Consultative Assembly, which is known by its initials MPR, agreed Wednesday to investigate the alleged fortune accumulated by the former President Suharto, and his family, but they disagreed on how to get it done, Agence France-Press reported.

"We need an MPR decree for this so that the president would not be able to avoid it," said the head of the Muslim United Development Party, Ismail Has-

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ELECTRICITY PARTNERS AND CLIMATE CHANGE: THE BUENOS AIRES DEBATE

PART IV

FINANCE
FORUM
REPORT

THE GREEN BOTTOM LINE: REDUCING COSTS OF GREENHOUSE GAS EMISSIONS

Delegates to the recent climate change meeting looked at the economics of emissions reduction.

On Nov. 3, the international forum "Climate Change and the Electric Power Sector: What Role for the Global Financial Community?" was held during the Fourth Session of the UN Framework Convention on Climate Change Conference of Parties in Buenos Aires. The goal of the forum was to look at the issue of climate change from a broad perspective that goes beyond environmental issues alone and to provide a voice for the financial community in the development of policies affecting resource allocation decisions made by both governments and private institutions.

The forum, sponsored by Electricité de France (EDF), Tokyo Electric Power Co. (TEPCO) and Kansai Electric Power Co., was chaired by Branko Terzic, formerly a U.S. federal regulator, consultant to Arthur Andersen International and utility chief executive officer. The panelists were Leonard S. Hyman, senior industry adviser at Salomon Smith Barney; Katsushiko Suetsugu, secretary-general of the Asia-Pacific Energy Forum; Steven M. Fetter, managing director of Fitch IBCA's Global Power Group; John F. Beatty, managing director of New Harbor Inc.; Teruaki Masumoto, director and general manager, corporate communications and environment, TEPCO; Jean-Pierre Bourdier, chairman of the Unipede-Eurelectric Climate Change Working Group; and François Ailleret, vice chairman of EDF and president of EDF International SA.

Defining the issue

Mr. Hyman identified the crucial question as, "Can we design a taxation or trading program that would help to reduce CO₂ emissions in an economic manner without resorting to command and control?" Pointing to various studies that differ on the costs of implementing the Kyoto Protocol, he said, "In other words, preventing the accumulation of CO₂ in the atmosphere will cost money, but not preventing it will cost money as well."

Looking at the problem from a business perspective, he identified three concerns about trading mechanisms: how compliance can be verified; making sure that trading experts, and not bureaucracies, are handling the trading; and ensuring that those who are responsible for CO₂ emissions "directly benefit or lose from their ongoing and future activities."

Mr. Hyman said that while he thought a trading program could be designed that would encourage emissions reductions and that technical changes to reduce emissions can be made "without derailing the economy," a framework is needed to accomplish these goals. He quoted Peter Drucker's maxim, "Results are obtained by exploiting opportunities, not by solving problems," and pointed to the opportunities of a potentially enormous trading permit market, which Stephen Peck and Thomas Teisberg have estimated will be worth \$13 trillion by the year 2050.

On the subject of nuclear plants, which produce no CO₂ emissions, Mr. Hyman said that although U.S. public opinion currently runs against them, "I think CO₂ reduction policies can make a very, very significant impact on the valuation of nuclear facilities. I think it can turn a lot of ugly ducklings into swans." He also mentioned the potential of new technologies like efficient small combustion turbines and fuel cells.

While Mr. Hyman did not make any predictions regarding the costs or financial consequences of global climate change mitigation, he said: "Energy producers that utilize a lot of CO₂-producing fuels and the resource companies that produce them are going to lose out unless they find a way to modify their fuel or combustion processes or their waste-disposal policies. I think with the right frame of action, they might even succeed in reshaping themselves for a less carbon-intensive future."

Asian prospects

Mr. Suetsugu spoke about global warming and the energy outlook in Asia. He pointed out that "the economic downturn in Asia has slowed the rate of growth in energy demand," but that total primary energy demand is still expected to increase by 41 percent between 1995 and 2010 in the Asia-Pacific Economic Cooperation countries, according to the projections of the Asia Pacific Energy Research Center, based on a scenario presuming the continuance of the Asian economic crisis for a few years, followed by recovery.

A more pessimistic scenario that envisions a protracted economic crisis in Asia still shows demand growing by 34 percent during the period. An "environmentally friendly scenario" sees demand growing by only 26 percent, with energy savings accounting for the difference, and a lowering of CO₂ emissions by 14 percent in comparison with the first scenario.

"Coal will remain the dominant energy source for electricity generation," said Mr. Suetsugu, "and will contribute 56 percent of the increase in fuel consumption" in the APEC countries, while gas consumption is predicted to more than double, and nuclear will increase by 21 percent, mostly in China and East Asia. The projected higher fossil fuel consumption means high emissions of CO₂, which would increase by 42 percent in the period up to 2010 in the first scenario, but by only 22 percent in the environmentally friendly scenario.

"In the APEC region, a focused trend is to seek the best energy mix in order to reduce CO₂ emissions," said Mr. Suetsugu. He pointed to the case of Japan, which is seeking to meet the requirements of the Kyoto Protocol by conserving energy and changing its primary energy mix, with an increase in the proportional rate of nuclear power generation from 12.3 percent in 1996 to 17.4 percent in 2010. Between now

and 2010, Japanese electric power companies plan to build an additional 15 light water reactor units. South Korea plans to add 12 nuclear reactor units over the next 16 years, for a total of 28.

"A key element of the Kyoto Protocol," Mr. Suetsugu continued, "is the initiatives undertaken by the developed nations to reduce greenhouse gas emissions and the provision of flexibility mechanisms. Through global cooperation, these mechanisms should benefit both developed and developing economies by achieving economic growth and reduced greenhouse gas emissions. These mechanisms could have a profound impact on the future power generation mix in the Asia-Pacific region."

"Nuclear power currently supplies approximately 17 percent of the world's electricity," said Mr. Suetsugu, adding that "like hydroelectricity, the cost of electricity from a nuclear power station is highly predictable over the life of the power station. It is not dependent upon the variability of commodity prices, as are fossil fuel-fired installations." As Richard Wilson, professor of physics of Harvard University, describes, nuclear power is an effective non-fossil-fuel source which has been cheap and could again be cheaper if opposition were reduced.

Mr. Suetsugu concluded by saying that nuclear projects are "eminently suited" for inclusion in joint implementation and clean development mechanism projects provided for by the Kyoto Protocol.

A trading model

Steven Fetter of Fitch IBCA's Global Power Group spoke about the structuring of an effective emissions trading system as it relates to the interests and involvement of investors. He enumerated the characteristics such a system should have. First, that it should provide "broad and flexible options in which markets determine the return on investment for investors," as opposed to a system based on social and political conceptions of equity. Although he admitted that there were national arguments for the latter type of system, he added that "most investors don't extend their funds to effectuate social reform... They seek the best return, balanced against the amount of risk that they're willing to take." He stated that it is the role of the government, rather than the private investor, to emphasize social policy over market economics.

He added, "A market-based system is necessary in emissions trading. It should be run by those most experienced with the operations of markets," such as the New York Mercantile Exchange or the Chicago Board of Trade or their overseas counterparts. He stressed the need for "an independent accounting of emissions trading as it goes on" free from political restraints.

"Markets don't discriminate on race, religion or gender," they don't determine whether someone's a good person or a bad person," he said. "It's all based on the investment and how that investor plays the market."

He continued, "We need workable compliance and enforcement mechanisms." He suggested that an international entity, perhaps one under the United Nations umbrella, could have a role in enforcement and could help to minimize



Delegates to the COP-4 conference had the opportunity to hear a range of views about energy investment and the development of policy.

wind, coal, gas or nuclear. He stressed that the development period for new power projects can last from 18 months to three or five years, from the time a project is initiated to the beginning of construction. "During that period," he said, "as people are looking at investing money, and as they look at the issues of carbon emissions, the question is, what will be the cost of those carbon emissions?" He added that not only will investors need to know the cost of a ton of carbon emissions today, but also in five years' time, making necessary a futures market, which would allow them to know at the time of investment and at the beginning of construction what the actual cost would be.

"For compliance purposes," he said, "it's also important because when people are actually taking those costs and putting them into those projects, you may well have projects undertaken that would not have been undertaken if the costs of the carbon emissions weren't taken into account by the investors."

The arithmetic

Teruaki Masumoto of TEPCO spoke on what he called fundamental issues. "I think it is necessary to emphasize," he said, "the role of nuclear in mitigating CO₂ emissions." He cited statistics showing that the total production of energy in France and Japan from nuclear power generation in 1996 was about 180 million tons of oil equivalent, with 103 million tons for France and 77 million tons for Japan. This is "roughly equivalent to the total amount of primary energy consumption in three countries, Argentina, Brazil and Chile," he said. "This is typical of nuclear energy's contribution to saving fossil fuel consumption."

He continued, "I'd like to emphasize that more nuclear energy contributes to less emission of CO₂. We might say that CO₂ has been the industrial waste with maybe the most serious impact since the Industrial Revolution."

He pointed out that coal supported society for the first hundred years following the Industrial Revolution and that petroleum then took over the leading role, with natural gas and nuclear energy playing an increasingly important role in recent times. "Each energy source seems to have its own particular role at different times," he said. "With this idea in mind, I hope that today, nuclear generation is assuming a new role for the age because it is an effective means of coping with global warming."

Mr. Masumoto continued: "We are living in an age of unprecedented abundance and diversity of energy, which mankind has never experienced before." He mentioned that Japan has no domestic resources outside of its industrial technologies. "Saving energy, technology and nuclear power generation technology are the most practical and reliable sources of energy in the future," he said, adding that the further development of nuclear energy requires social acceptance and the demonstration of its effectiveness as an alternative to fossil fuels.

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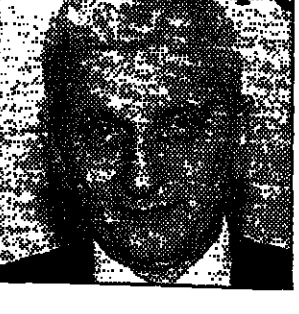
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François Ailleret, vice chairman of EDF and president of EDF International SA.



Panelists provided some figures for the emissions reduction equation.

Leonard S. Hyman, senior industry adviser at Salomon Smith Barney, on the future of energy investment:

"First, gas suppliers are going to have to raise a lot of capital. They're going to have to meet a lot of incremental demand."

"Second, investors are going to have to put up funds to replace generating plant — old plant — and they're going to put up new plants that are far more efficient."

"Third, investors are going to reacquire themselves with nuclear power."

"Fourth, more capital is going to flow into decentralized solutions, including renewable resources and energy efficiency devices. If the market sends the right signals."

"Fifth, a new market will develop for pollution trading and the control industry."

"As an investor, I would much rather invest with the companies and people who go for the opportunities as opposed to those who complain about the problems."

litigation. "It has to be a system with unquestioned integrity so that investors can count on the rules' staying consistent," he went on.

Mr. Fetter ended his talk by saying, "The bottom line is that global solutions call for a broad array of options. Developing countries say they don't want greenhouse gas solutions to snuff out the potential for future economic development within their regions or countries. The United States and other developed countries respond: 'We do not want to undo our past economic development on a going-along basis to work to solve global warming problems.'" He noted that one of the things that U.S. President Bill Clinton and the U.S. Congress agree on is that "there has to be a contribution to sacrifice from the developing world." Mr. Fetter concluded by saying that the developing world "will have to participate."

New plant development

The next speaker, John Beatty, has recently been involved in the sale and restructuring of the U.S. electric utility sector. He spoke about the development and repowering of power plants worldwide. "As we look at Organization for Economic Cooperation and Development countries or the developing world," he said, "the question is, how do you most effectively translate the costs of CO₂ emissions into investors' perceptions?"

He said that there are a variety of estimates of the amount of additional capital required over the next ten to 20 years for electric power generation, all of them in the trillions of dollars. "In that environment, what you want most of all is to make sure that CO₂ is considered in making those investments...and to trade them off against other opportunities available for them for investment in the sector. To do that effectively, there has to be a clear and ascertainable price for emitting carbon dioxide...a price you can look up in any newspaper. This allows investors to say, given the cost of emitting that amount of carbon, whether those particular facilities either have to be changed or are simply not economically viable given the cost of those carbon emissions."

Mr. Beatty added that explicit costs are important to both developing and OECD countries when they are considering development of any sort of new energy project, whether

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ALT / Commentary

Now, You Can Take It With You

Tiny Videodisk Player Makes Cinema Portable

By John Burgess
Washington Post Service

WASHINGTON — Here is the first thing I learned about the PalmTheater, a new book-sized video unit that plays feature-length movies anywhere. Flip it on, and people drop what they are doing to come and gawk.

How did they make the picture so sharp? What does this thing weigh? The questions keep coming. My kids were so impressed that one of them declared I had the best job in the world because I got to try out things like this.

About every five years, the electronics industry comes out with something that simply dazzles on first encounter. The first cellular phones did that, as did the first laptop computers and videocassette recorders. Now the PalmTheater joins this select group.

The PalmTheater, made by Panasonic — part of Matsushita Electric Industrial Co. — is about the size of a big hardback novel. Flip open the top, and you find a screen. Pop in a digital videodisk, and suddenly you are watching a movie, wherever you happen to be — PalmTheater is battery-powered.

The screen is bright, sharp and good at handling motion. Colors are true to life. The unit uses the flat-screen technology found in high-quality laptop computers. You get stereo sound of a sort, from tiny speakers on both sides of the screen.

BUT, TRUTH be told, the thrill tends to evaporate in about five minutes. Partly it is because of the price — about \$1,300 for now. Partly it is because consumers have become truly hard to impress for long. But perhaps the biggest reason is that this little wonder seems mainly a toy — there is no discernible mass craving that it seems to satisfy.

In my case, the long-distance car trip with the family was about the only use I could think of — the back seat would be magically quiet for a couple of hours.

But some electronic products have a way of creating markets that did not exist. There was no clamor from consumers for a device that would let you listen to music while jogging — that is, until Sony Corp. invented the Walkman. Nor were people demanding to compute at home when the first PCs were soldered together. Panasonic is

The PalmTheater: a sharp picture and stereo sound, but no popcorn.

hoping for this kind of phenomenon with the PalmTheater. "It has, we feel, tapped into a new product category," said Rusty Osterstock, assistant general manager for Panasonic DVD, digital videodisk, products. "Consumers have never really had an opportunity to take movies with them."

For that to happen, though, prices will have to come down sharply. The people buying them now tend to have high incomes, \$60,000 a year and above, and are generally videophiles. Often there is a home theater in the car, in airplanes. Mr. Osterstock would not say how many had actually been sold, saying only that they had been "extremely successful."

Clearly, though, the numbers are small. "This is not a mass-produced item," said Bob Gerson, editor of *Twice*, a magazine about consumer electronics. "It's one of those things put out there to attract attention."

Part of what electronics companies want attention for is the new video format that PalmTheater uses. A DVD looks just like an audio compact disk, but it can hold a full movie.

Introduced last year, DVD remains very much an infant technology, accounting for perhaps 1 percent of the home-video market. Mr. Gerson estimates that 700,000 U.S. households have bought DVD players, which normally are about the size of a VCR and hook into televisions.

Newer laptop computers often have DVD drives in them (the disks can also carry computer software), and these days one can occasionally see people watching movies on their computers in airport lounges.

The PalmTheater, however, is specialized. Like many dedicated devices, it can do its thing at a lower price than

something that does many things. It is as easy to use as an audio CD player. One hits the power switch, presses in a disk and hits "play."

It is the first product of its kind, and understandably it has a number of annoying deficiencies. It's too bad the image couldn't be a little bigger, and there are times when the screen has difficulty displaying diagonal lines. The speakers are tinny (Mr. Osterstock conceded that more work was warranted here). To get acceptable sound, one needs earphones.

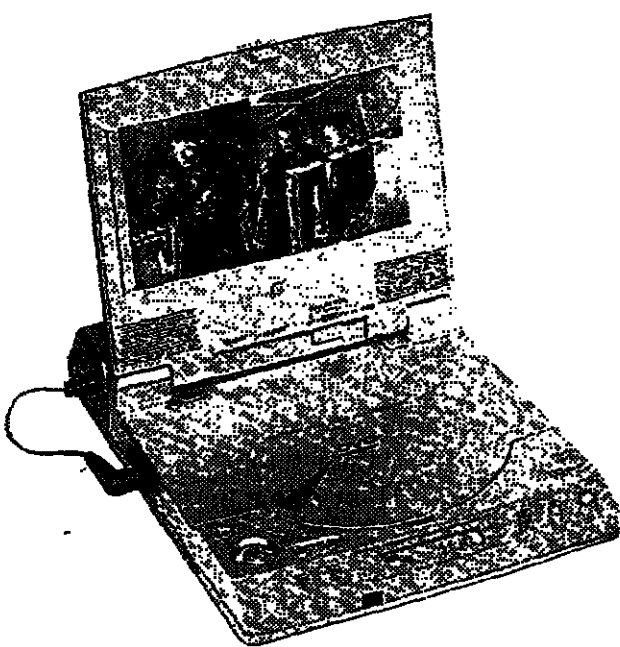
I found the fast-forward function awkward. It races ahead, flashing split-second images so fast that it is easy to overlook the sequence one wants.

PANASONIC claims a two-hour battery life. That seems to me too short for a device meant to play things that routinely run that length or longer. That means you'd do well to shell out \$199 for a second battery (most buyers do), so the unit does not die in the airplane in the last 10 minutes of the film.

But damn it, it is hard to find too much wrong with this product. One can hook it up to a television for a bigger picture and sound. It plays audio CDs and lets users select from on-screen menus to use various features of DVD — foreign-language subtitles or soundtracks, for instance. It is light. The player and screen weigh just over 2 pounds (1 kilogram), and the battery is roughly equal in weight.

But \$1,300? Not for our house — though I could see paying \$200. Who knows, that day may come sooner than anyone expects.

John Burgess, technology editor at *The Washington Post*, can be e-mailed at burgessj@washpost.com.



Computers Give Biotech a Boost

Virtual 'Patients' Reduce Need for Animal and Human Guinea Pigs

By Andrew Pollack
New York Times Service

NEW YORK — Medical researchers have long done experiments either *in vivo* — on living organisms — or *in vitro* — in glass or test tubes. Now they are starting to work *in silico*, or in computers.

In a marriage of biotech and high tech, computers are beginning to transform the way drugs are developed, from the earliest stage of drug discovery to the late stage of testing the drugs in people.

Computers are cataloging and analyzing the large amounts of data being discovered about human genes. They are being used to "virtually screen" hundreds of thousands of compounds to identify those that may become drug candidates. And in some cases, drugs are being tested on virtual organs or virtual patients.

Conducting such dry runs in computers can reduce the need for animal and human guinea pigs, just as General Motors Corp. no longer needs to destroy so many cars in crash tests because it hones its designs and simulates crashes on the computer first.

The aerospace, automotive and computer industries have used modeling and simulation for many years, whereas drug development has remained pretty empirical, said Dr. Carl C. Peck, director of the Center for Drug Development Science at Georgetown University Medical Center. "We're playing catch-up."

The growing use of computers has given rise to a plethora of new biotechnology companies that do not bother with petri dishes but instead merely sell data and software to drug companies, which are suddenly finding computer science to be almost as important to them as life science.

"I don't think I've ever seen an industry whose need is so great," said John Couch, chief executive of Pangea Systems, a startup company in Oakland, California, that sells software for storing and analyzing genes and otherwise managing pharmaceutical information. This field has been dubbed *bioinformatics*.

THE DRUG companies hope that computers will cut the average of 15 years and \$500 million it now takes to develop a drug, according to the Pharmaceutical Research and Manufacturers of America, a trade group for major American drug companies.

But the spread of computers also reflects increased knowledge about biological systems, which allows more quantitative methods to be used.

Drug discovery was once largely a process of trial and error, but scientists are increasingly relying on information provided by genes, which hold the blueprints of life. And genes are essentially a code, making biology much more akin to information science.

"I think biology is about to go through a phase transition, to be com-

putationally driven, more like the hard sciences," said Bernhard Palsson, a professor of bioengineering and medicine at the University of California at San Diego. He is starting a company, Genomatica, to commercialize computer models of bacterial metabolism that can predict fairly reliably whether a given strain will thrive in a particular growth medium.

The human genetic code, now being unraveled by the Human Genome Project, comprises 3 billion chemical letters, either A, C, G or T, with no spaces or punctuation marks between them. That is far more than the human mind can grasp.

"We're awash in data, but we're starving for knowledge," said Dr. Joe

Computers are screening hundreds of thousands of compounds to identify those that may become drug candidates.

Villafranca, vice president of drug discovery at Bristol-Myers Squibb Co. "Every aspect of drug discovery involves what we're loosely calling information technology. We can no longer rely on a person's individual storehouse of knowledge and experience."

For example, when scientists at Eli Lilly & Co. wanted to find the function of a particular DNA sequence they and scientists at another company had discovered, they searched databases and found the sequence was similar to a fruit-fly gene whose function was already known. With that clue, the company decided the gene would be useful as the basis of a drug discovery program.

Using this kind of bioinformatics approach, Lilly has also developed artificial-intelligence software that scans the genetic databases looking for the telltale sequences found in genes that code for proteins that could be used as drugs.

"It's kind of an intelligent fishing expedition," said Thomas Bumol, executive director of research technologies and proteins.

But genetic analysis is just the first step in developing drugs. Genes contain the instructions for producing proteins, which actually perform the functions in a cell. In some cases, a protein itself can be used as a drug, as in the case of insulin. But in most cases, the drug company looks for a compound that will bind to a protein and either activate it or block it from working.

In the past, this was usually done by throwing thousands of compounds at the target protein to see if any of them would stick. But some companies say this screening can be done faster and cheaper on a computer.

"We can screen 50 million compounds inside the computer within a day, basically," said Ed Maggio, pres-

ident of Structural Bioinformatics, a startup company in San Diego. Only the best 200 or so compounds shown by the computer must then be tested.

Even after a drug candidate is found, years of work remain. The candidate still must be tested in animals and people to make sure it is safe and effective. Computers are just starting to be applied to this latter-stage drug development in simulations of organs or of diseases.

Such modeling activities are part of what is known as computational biology, or the newly coined "in silico" biology. Physicists of Princeton, N.J., have developed computer models of human and animal hearts. Entelos Inc., in Menlo Park, California, has computer models of diseases such as asthma and AIDS. Using such models, scientists ask "what if" questions, such as, "If a drug were to block this protein, what would be the effect on the disease?"

For example, Andrew McCulloch, a professor of bioengineering at the University of California at San Diego, is using a heart model to help design pacemakers, to interpret medical imaging data and to predict whether particular patients will benefit from a new type of heart surgery being done at the Cleveland Clinic.

Such models are only as good as the information that goes into them.

"I wouldn't contend it will be complete in the next 20 years, but it's a wonderful thinking tool," said James Basinghwaite, professor of bioengineering at the University of Washington.

CLINICAL trials are becoming extremely complex and time-consuming in part because the U.S. Food and Drug Administration is asking for more detailed data. Drugs brought before the agency in 1994 and 1995 required an average of 68 clinical trials on 4,237 patients, according to the pharmaceutical trade association, two to three times the number of trials and patients required in the early 1980s.

Avoiding trials that produce equivocal answers thus can save time and money. Computer simulations "will never be a substitute for doing clinical trials," said Keith Muir, a scientist at the American arm of Glaxo Wellcome PLC, the giant British drug company. "But we may be able to do fewer clinical trials and more effective clinical trials."

Simulating a clinical trial requires some data about how quickly the drug is absorbed into the bloodstream, how long it remains there and where in the body it goes, as well as information about its effects at various doses.

These data often come from earlier phases of clinical trials, or from animal studies or from data on similar drugs. Using this computer model, the company can run clinical trials on "virtual patients" who match the expected real patient population in terms of distribution of age, weight, gender, disease severity and so on.

TECHNOLOGY INDEX

Technology stock indexes around the world:

North America	Tuesday close	Pct. change previous week	Pct. change year to date
Pacific Exchange Tech	376.21	+5.08	+22.77
S&P Tech Composite	988.95	+5.40	+41.29
Europe			
Morgan Stanley Eurotec	503.49	-5.34	+30.71
Asia			
Topix Electric	1,487.78	-7.30	-9.51

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see TribTech on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- Net Traffic in Asia: Where Every Line Is a Delirium, Nov. 5
- Building a Robot? Try It With Legos, Nov. 5
- Is Linux Microsoft's New Target?, Nov. 5
- Ruling Sets New Curbs On Telecom, Nov. 6
- Microsoft Plans to Open Research Lab in Beijing, Nov. 6
- Olivetti's Chiefs Bet on a Bright Future, Nov. 7-8
- India Breaks Monopoly on Web Access, Nov. 7-8
- Firm Finds Brokers Lack Presence in Cyberspace, Nov. 9
- Plans to Supply Its 90,000 Trees With Electronic Identity Papers, Nov. 10
- Samsung Plans Texas Expansion, Nov. 10

To reach TribTech editors or to comment on IHT tech coverage, send e-mail to tribtech@ihl.com. International Herald Tribune

IRIDIUM'S WIDE HORIZONS:

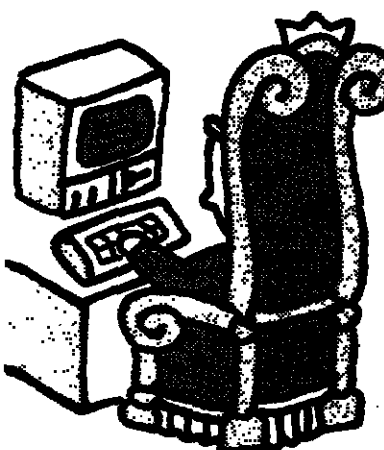
A full launch of the Iridium global satellite phone service in a big part of the globe will have to wait until December. Iridium, which took 11 years and \$5 billion to create, went live Nov. 2.

It will allow people to make and receive calls from any place on the planet, but it has been delayed because it will not get a certificate for Iridium phones from the Russian Telecommunications Committee for Russia, Georgia, Kazakhstan, Moldova, Uzbekistan and the Baltic states of Estonia, Latvia and Lithuania until next month. (Reuters)

IMMOBILE IN INDONESIA: As

Indonesians struggle with their first recession in three decades, many are giving up their mobile phones. PT Telkom, Indonesia's domestic phone monopoly, said this week that the total number of cellular subscribers in Indonesia plunged 27 percent from a year earlier to 762,602 as of Sept. 30.

In addition, a total of 201,201 land-



line subscribers disconnected their regular service in the first nine months of the year. (Bloomberg)

PRINCE OF CYBERSPACE: More proof that Britain's monarchy is

modernizing: Prince Charles has launched his own Internet Web site.

Spread across 354 pages, it contains biographical information about the heir to the throne, who turns 50 on Saturday. The page will be updated regularly, his office said.

The site is divided into sections covering Charles's life, his work and a forum highlighting issues of particular interest to the eldest son of Queen Elizabeth II. His speeches and a schedule of upcoming appearances will also be included.

"We hope it will help people to understand the Prince of Wales' work," said a spokesman. The site is at www.princeofwales.gov.uk. (AP)

BEER BARREL BEEPER: Philips Semiconductors says it has developed a high-tech security device aimed at cutting the number of beer barrels lost or stolen each year.

The identification device is tamper-proof and contains a transponder allowing the barrels to be traced.



The brewing industry loses 300,000 empty barrels a year, at a total cost of some £15 million (\$24.9 million).

The identification device, under the name HiTag, will shortly be fitted to the barrels of Scottish & Newcastle Breweries PLC's Scottish Courage. (APX)

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France Telecom

E-Mailers Tighten Up Loose Lips

Companies, Citing Legal Concerns, Curb Electronic Messages

By Amy Harmon
New York Times Service

NEW YORK — Employees at Amazon.com Inc., the popular on-line bookseller, recently received a directive from senior management that struck some as out of character in a company that had prided itself on the Internet's free-for-all culture.

As part of an event that the Seattle-based company designated "Sweep and Keep," employees were instructed to purge, among other things, electronic-mail messages that were no longer required for business or not subject to legal-records requirements. Free e-mail was to be dispensed in the cafeteria to those who complied immediately, the directive said.

This Amazon "document retention" policy, which requires employees to expunge electronic files regularly, was followed a few weeks later with guidelines for "document creation."

"Quite simply put, there are some communications that should not be expressed in written form," the second memo stated. "Sorry, no latex this time!"

Never mind monopoly power in the marketplace; the real lesson corporate America is taking from the Microsoft antitrust trial is that old e-mail can be a minefield of legal liability, not to mention a source of public embarrassment.

In the high-profile court battle between the Justice Department and Microsoft Corp., e-mail has emerged as the star witness — a fact that appears to be giving pause to corporate executives accustomed to clicking "send" without a second thought.

"I love e-mail," said Jeff Bezos, the founder and chief executive of Amazon. "I think it is changing the world. The problem is, somebody can take it out of context and use it against you, and we have to guard against that."

Amazon, like many other companies,

had embraced e-mail as the preferred way to communicate about business matters. Instant, convenient and at least putatively private, it allows the lowliest employee to discourse with the most exalted. And it provokes spontaneity, if not always eloquence, brainstorming among colleagues who might otherwise keep their thoughts to themselves.

Now Amazon is among the growing

mail from both companies.

As a result, the very attributes that have made e-mail so popular — chief among them its tendency to induce off-the-cuff candor — are driving managers to conclude that its use must be reined in, its tracks dusted over.

"In the past, message-retention policies have been primarily designed for disk-space management," said Jim Browning, a senior research analyst at Gartner Group, a consulting firm. "The new question is, how quickly should e-mail be deleted to prevent it from becoming a danger to the organization?"

Mr. Browning said anxious calls from clients had been rising in tandem with headlines about the Microsoft trial. This month, he said, a client called to ask about something he characterized as an "e-mail shredder."

Another wanted a "Mission Impossible" type of e-mail product that would destroy the message after it was read. "That option doesn't exist today," Mr. Browning said.

But such anxiety is understandable. E-mail that someone thinks has been erased often still exists somewhere, perhaps on the computer hard drive of one or more recipients or of someone to whom it was forwarded.

People often do not realize they have set their software to leave e-mail on the server, the computer that acts as an electronic post office. And erased files can sometimes be reconstructed with special software that reassembles discarded data from the digital ghosts left behind on hard drives.

Gartner Group recommends policies that help employees understand what a company considers appropriate business language.

For example, said Joyce Graff, Gartner research director for the electronic workplace, "You talk about 'slaughtering' them — no war-

See EMAIL, Page 18

Clinton Toughens Stance on Trade

Amid Industry Outcry, He Warns Against 'Flooding' of Steel Market

By David E. Sanger
New York Times Service

WASHINGTON — President Bill Clinton has warned for the first time that the United States will not tolerate the "flooding of our markets" with low-cost goods from Asia and Russia, particularly steel, that are threatening jobs of American workers.

The president's statement Tuesday came days after a White House meeting of top executives of steel companies and the United Steelworkers of America, which helped get out the vote for Democrats last week, playing a pivotal role with other unions in the party's success in midterm elections.

After the meeting, which included Mr. Clinton, Vice President Al Gore and top cabinet officials, Mr. Clinton's aides said the White House would not grant the unions' demand to cut off imports of steel that apparently are being dumped in the American market.

But on Tuesday, the president warned that other nations had to "play by the rules," appearing to signal that Washington would press nations to restrict their exports to the United States.

The remarks, which came in an address to the President's Export Council,

an advisory group, create an apparent conflict in U.S. policy, which until now has indirectly encouraged economically troubled countries to export their goods.

But with the United States as the strongest and most open economy, Japan in deep recession and Europe still closed to many goods, most of those imports have come here, creating a political problem the White House must now deal with.

How to deal with the flood of imports, and the soaring trade deficit they are creating, has touched off a significant debate within Mr. Clinton's administration. Treasury Secretary Robert Rubin, who has led the effort to design rescue packages for Asian nations, Russia and Latin America, has urged Mr. Clinton to be cautious in limiting the ability of those nations to export goods to the United States, their main source of hard currency now.

Any effort to cut off the U.S. market, Mr. Rubin said Tuesday in a sharp exchange with George Becker, president of the Steelworkers union, could have "consequences that are adverse to workers in other industries and consumers" who have benefited from low-priced imports.

Mr. Rubin also has cautioned that any move by the United States to shut off its markets could be taken as a signal by other nations that they are free to do the same. "We don't want to encourage greater protectionism abroad," he told Mr. Becker during the meeting.

But Commerce Secretary William Daley, as well as the U.S. trade representative, Charlene Barshefsky, and the president's political advisers have all urged more aggressive action, noting that layoffs had already begun in the steel industry and warning that they could spread elsewhere.

On Friday, Mr. Gore, who is increasingly attentive to the demands of both business and labor unions, warned a group of European executives that "the United States cannot be the importer of last resort" for the world's ailing nations. The phrase has since been repeated by others in the administration.

Mr. Daley has, characteristically, been blunter. Noting that imports of Japanese-made hot-rolled steel, used for construction products, had increased fivefold this year, Mr. Daley said last week "we cannot sustain these rates."

He added: "We alone cannot absorb

See TRADE, Page 14

EU to Turn to WTO to Fight U.S. Threat

By Barry James
International Herald Tribune

BRUSSELS — The European Commission said Wednesday that it would take its case against the United States to the World Trade Organization on Nov. 25 unless Washington withdrew a threat to impose punitive tariffs on hundreds of millions of dollars of European exports.

The United States said Tuesday that it would penalize a long list of European products because of what it sees as a discriminatory policy against American-owned banana growers and distributors.

The penalties, which would double the price of the European products on the U.S. market, will go into force Feb. 1 unless the European Union changes its banana import policies, which favor producers in former European dependencies, mainly in the Caribbean.

The president of the commission, Jacques Santer, wrote to President Bill Clinton, appealing to him to prevent the

dispute from escalating further.

Pursuing action of this sort against the European Union, which is the United States' biggest and most open trading partner, would be a grave political misjudgment, Mr. Santer said.

Washington said it was threatening sanctions because the banana import regulations did not comply with a WTO ruling in America's favor. The EU argues that it revised those regulations to meet WTO requirements and that if it disagrees, the United States should appeal before the trade body rather than take unilateral action — and, the commission said, illegal — action.

A WTO appeal could drag on for as long as 18 months. If a dispute panel finds a member in breach of the rules, as was the case with the EU, sanctions can be imposed with the concurrence of all other members, but not by just one member.

But the dispute-settlement system does not address cases where an offender

claims to have implemented panel findings and the complainant says it has not.

But envoys said Washington was undermining the system by acting unilaterally. The WTO chief, Renato Ruggerio, called the dispute a test case for the organization and appealed to both sides to settle it.

For the moment, the commission is not talking of reprisals, although a spokesman said the proposed U.S. sanctions would affect more than \$1.6 billion in European exports, causing "widespread damage across the whole EU economy." The spokesman called the list of targeted products "completely arbitrary."

The U.S. trade representative's office said it would announce Dec. 15 which items on the list it would earmark for sanctions.

Mr. Santer said he could not overstate the political importance of the problem for the commission and EU member states.

ECONOMIC SCENE

Spending Their Way Back to Health

In Philippines, as in Much of Asia, Hope Now Focuses on Spurring Demand

By Philip Bowring
Special to the Herald Tribune

MANILA — Asian routes to salvation from crisis are diverging. Singapore, a digital city-state, has decided that times have changed fundamentally, so deep cuts are needed in wage costs in addition to the existing ones in asset prices. It announced plans Wednesday to make those cuts, and reduce pension contributions, as part of a campaign to make itself more competitive and revive its shrinking economy. (Page 18)

Once-free-wheeling Hong Kong prefers to believe that with government asset-price props in place, it will bounce back without much need for cutting costs, ending monopolies or letting the market determine its currency value.

As for larger economies, the international consensus is, moving, albeit belatedly, to the thesis that stimulating domestic demand should be given priority. Even the International Monetary Fund has been urging more stimulus on South Korea and tolerating more in Thailand.

But the Philippines is showing just how hard it can be for governments to change their minds. Antipathy toward budget deficits has become ingrained, resulting in reluctance to prime the pump. Yet fiscal policy may have the best chance of reversing the collapse in domestic demand that has caused

imports, prices, employment and output to fall across the region.

The Philippines is in a much better position than most of its neighbors because its debt is relatively low. The economy may end the year with little or no shrinkage. Consumer demand has held up, thanks to the extra buying power, in terms of depreciated pesos, of the \$8 billion a year remitted from Filipinos overseas.

Led by agriculture, growth next year should recover to about 2 percent or 3 percent. But that is scarcely an exciting prospect when the labor force is growing 3 percent a year. The country ought to be able to do much better than that, and without relying on another increase in exports and remittances. This year, much of the strength in gross domestic product has come from a collapse in imports. The current account is in surplus for the first time in 23 years.

Most seriously, investment is in free fall. The private sector is still licking its wounds from having overinvested in the wrong things, especially real estate, and borrowed too many depreciated dollars. The banks are facing rising nonperforming loans and are reluctant to lend. As a result, interest rates are continuing to fall, and loan growth has collapsed. By most measures, there has been near zero growth in credit since Jan. 1.

Public-sector investment is reeling from last year's cutbacks in government

spending that were in effect ordered by the IMF — which has had the Philippines as a patient for two decades. The cuts fell on projects, not on the bureaucracy.

The government deficit this year is estimated at 30 billion pesos (\$1.23 billion), or 1.8 percent of GDP, mostly financed by foreign concessional flows. For next year, it is budgeted at even less. Finance Minister Edgardo Espiritu recently permitted a small increase in 1999 outlays, but even now he is expecting a deficit of barely 1 percent of GDP. It would be "very risky" to go much higher, he said.

Some caution may be justifiable. History shows the Philippines to have a tendency to fiscal irresponsibility: It is still paying for Marcos-era debts.

Nevertheless, its government shows signs of trying too hard to look "responsible" to bankers and the IMF, rather than use fiscal means to stimulate short-term demand and address the appalling infrastructure problems the nation faces.

Infrastructural deficiencies are a major cause of the Philippines' abysmal long-term performance. Spending cuts now threaten to perpetuate that failure just when the Philippines looked capable of moving into a virtuous cycle as a result of policy reforms and foreign investment.

What seems to be needed here — and elsewhere — is official self-confidence to help spark domestic demand.

CURRENCY & INTEREST RATES

Cross Rates									
	USD	EUR	GBP	JPY	CHF	HKD	SGD	THB	MYR
Australia	1.49	1.25	0.68	107.50	0.68	7.45	1.25	3.40	1.25
Canada	0.71	0.60	0.34	52.50	0.34	3.90	0.71	1.90	0.71
France	1.66	1.00	0.66	103.50	0.66	7.20	1.00	2.70	1.00
Germany	1.66	1.00	0.66	103.50	0.66	7.20	1.00	2.70	1.00
Italy	1.93	1.25	0.82	125.00	0.82	8.30	1.25	3.40	1.25
Japan	107.50	87.50	52.50	100.00	52.50	590.00	107.50	300.00	107.50
UK	0.68	0.42	0.28	42.50	0.28	3.20	0.68	1.80	0.68
US Dollar	1.00	0.66	0.42	70.90	0.42	4.76	1.00	2.70	1.00
Swiss Franc	0.68	0.42	0.28	42.50	0.28	3.20	0.68	1.80	0.68
Thai Baht	3.40	2.70	1.60	425.00	1.60	18.00	3.40	100.00	3.40
Malaysian Ringgit	1.25	1.00	0.60	160.00	0.60	6.70	1.25	35.00	1.25
Philippine Peso	46.50	38.00	23.00	3400.00	23.00	260.00	46.50	1300.00	46.50
Singapore Dollar	1.25	1.00	0.60	160.00	0.60	6.70	1.25	35.00	1.25
South African Rand	13.50	11.00	6.50	1650.00	6.50	74.00	13.50	380.00	13.50
South Korean Won	166.90	137.50	84.00	11250.00	84.00	950.00	166.90	4600.00	166.90
Taiwan Dollar	24.60	20.00	12.00	2460.00	12.00	135.00	24.60	680.00	24.60
Yen	107.50	87.50	52.50	100.00	52.50	590.00	107.50	300.00	107.50

Libor-Libor Rates									
	1-month	3-month	6-month	9-month	12-month	18-month	24-month	36-month	48-month
US Dollar	5.25%	5.50%	5.75%	6.00%	6.25%	6.50%	6.75%	7.00%	7.25%
UK	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%	6.25%	6.50%	6.75%
Germany	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%	6.25%
France	4.00%	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%
Japan	3.75%	4.00%	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%
Canada	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%
Australia	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%	5.00%	5.25%
South Africa	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%	5.00%
South Korea	2.75%	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%
Taiwan	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%
Philippines	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%

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Fax: +212 755 8785

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Central Bank Doubts Recession in Britain

LONDON — The Bank of England issued a surprisingly optimistic assessment of the British economy Wednesday, predicting it would avoid recession in 1999 and that inflation would rise only temporarily.

The bank predicted growth would ease to around 1 percent next year, accompanied by a "sharp and widespread decline in business and consumer confidence," and that annual inflation would rise above the government's 2.5 percent target as higher wages pushed up company costs.

The report damped any expectations for the central bank to cut rates in the near term.

"The immediate feeling is that the bank is in no rush to cut interest rates again soon," said Gerard Lyons, chief economist at DKB International. "But the bank is too optimistic about growth and so consequently too pessimistic about inflation. Growth of 1 percent next year is 'possible,' he said, but only if the bank starts cutting interest rates.

Economists had expected the bank to be considerably more pessimistic about growth and to emphasize the risks of lower, not higher, inflation. Prospects that interest rates will not fall as much as many investors had believed sent the yield on 10-year government securities to 5.05 percent Wednesday from 4.99 percent Tuesday. The Financial Times-Stock Exchange 100-share index closed 44.30 points higher at 5,476.80.

"The tone is surprisingly upbeat on the economy, and the inflation profile is unexpectedly high," said Brian Hillard, chief economist at



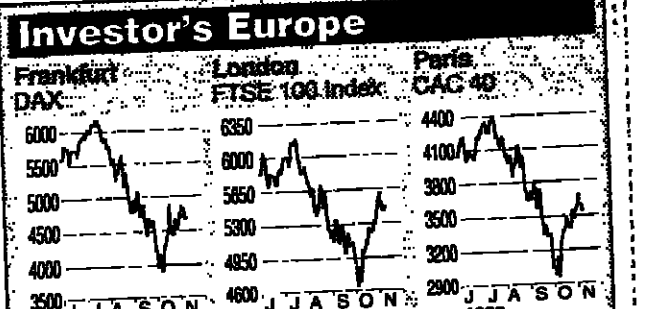
DOWN ON THE DOLLAR — Giuseppe Vita, chairman of Schering AG, at a news conference Wednesday in Berlin; the company cut its 1998 profit forecast, citing a fall in the dollar.

C&W Leaves Its Alliance With Phone Firm in Italy

LONDON — Cable & Wireless PLC, the second-biggest telecommunications company in Britain, abandoned a troubled alliance with Telecom Italia SpA on Wednesday and said it would announce plans next week to break into Continental Europe alone.

C&W, which posted a first-half pretax profit of £1.12 billion (£1.86 billion) that was little changed from a year ago, said a management crisis at Telecom Italia had made any "meaningful discussion" about future planning difficult.

C&W, which has been selling stakes in companies it does not control and expanding in the United States and Europe, has been in talks with Telecom Italia about creating the world's second-largest carrier of international calls.



Exchange	Index	Wednesday Close	Change
Amsterdam	AEX	1,952.34	+14.88
Brussels	BEL 20	4,177.78	+14.18
Frankfurt	DAX	613.45	+0.89
Copenhagen	Stock Market	4,461.96	+4.00
Helsinki	HEX General	518.85	+2.50
Oslo	OSL	5,476.80	+4.30
London	FTSE 100	5,476.80	+4.30
Madrid	Stock Exchange	782.80	+0.19
Paris	CAC 40	20,491	+1.57
Stockholm	SX 16	2,584.85	+1.36
Vienna	ATX	1,138.21	+0.52
Zurich	SPI	4,219.98	+1.50

Very briefly:

- Arnoldo Mondadori Editore SpA, the largest book and magazine publisher in Italy, and Bertelsmann AG, the German media giant, will pool their Italian book clubs into a venture that will also sell books on the Internet.
- Bayer AG, the German drug and chemical company, reported an 8 percent increase in third-quarter net income, to 681 million Deutsche marks (\$404.4 million). Still, that was below expectations as revenue fell because of falling chemical prices amid the economic slump in Asia.
- Deutsche Bank AG is unlikely to make an offer for BFG Bank AG, a German retail bank, said Rolf Breuer, chief executive of Deutsche Bank. Last month, Mr. Breuer said Deutsche Bank was considering a bid for BFG, in which Credit Lyonnais SA owns a 50 percent stake.
- Hungary lowered its benchmark interest rate a quarter of a percentage point, to 17.75 percent, to try to maintain the country's strong economic growth.
- British Energy PLC's pretax profit before exceptional items for the six months that ended Sept. 30 surged to £46 million (\$76.3 million) from £4 million a year earlier, helped by cost-cutting. The result was far above forecasts.
- Storebrand ASA, a Norwegian insurer, said its earnings for the first nine months of the year declined 37 percent, to 510 million kroner (\$68.3 million), citing unrest in capital markets. The results still beat analysts' estimates.
- W.H. Smith Group PLC, the biggest bookseller in Britain, posted a 10 percent increase in its earnings, to £142 million (\$235.6 million) for the year that ended in August. Though the results were in line with forecasts, the company warned that sales growth was slowing.
- Asea Brown Boveri Ltd., the Swiss-Swedish industrial conglomerate, will give U.S. antitrust authorities more details on its plan to buy Elag Bailey Process Automation NV, suggesting that the acquisition of the maker of automation controls may be delayed.

IMF Urges France to Attack Joblessness

WASHINGTON — The International Monetary Fund urged French authorities Wednesday to attack "the root sources" of unemployment and to remain open to the possibility of interest-rate cuts.

The IMF warned that while some gains in employment had been made, joblessness is still at "a very high level," at 11.8 percent of the work force. It urged authorities "to address the root sources of structural unemployment, taking advantage of the present upswing in labor demand."

In particular, the IMF board

Commerzbank Posts Lower Profit but Sees a Rebound

FRANKFURT — Commerzbank AG said Wednesday its profit fell 15 percent in the first nine months of the year, mostly because of the crisis in emerging markets. But the fourth-biggest bank in Germany said earnings would improve in the fourth quarter.

Commerzbank earned 1.86 billion Deutsche marks (\$1.11 billion) before taxes in the period, down 15.4 percent from a year earlier. Profit from trading in financial markets fell nearly 19 percent, to 504 million DM.

The bank said market turmoil in Asia and Russia would probably cause it to increase its provisions against bad loans to 1.6 billion DM for the year; the bank this summer predicted it would need annual 1.2 billion DM loan-loss reserves.

In the third quarter alone, risk provisions amounted to 600 million DM, as much as in the two preceding quarters combined.

"The economic difficulties in a number of emerging markets and the international financial crisis had an impact on our earnings in the third quarter," the bank said.

But Martin Kohlhausen, chairman of Commerzbank, said he was

WORLD STOCK MARKETS

Wednesday, Nov. 11
Dollars per 100 marks

High	Low	Close	Prev.
Amsterdam	1,952.34	1,952.34	1,937.46
Brussels	4,177.78	4,177.78	4,163.60
Frankfurt	613.45	613.45	612.56
Copenhagen	4,461.96	4,461.96	4,457.96
Helsinki	518.85	518.85	516.35
Oslo	5,476.80	5,476.80	5,472.50
London	5,476.80	5,476.80	5,472.50
Madrid	782.80	782.80	782.61
Paris	20,491	20,491	20,489.5
Stockholm	2,584.85	2,584.85	2,583.49
Vienna	1,138.21	1,138.21	1,137.69
Zurich	4,219.98	4,219.98	4,218.48

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Markets Closed

The Brussels and Paris stock markets were closed Wednesday for a holiday.

Buenos Aires

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The 2,600 most traded stocks of the day.
 Nationwide prices not reflecting late trades elsewhere.
 The Associated Press.

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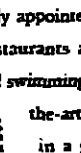
Year	Month	Day	Time	Location	Event	Remarks
1912	1	1	10:00	St. Paul	Arrival	From New York
1912	1	2	10:00	St. Paul	Departure	To New York
1912	1	3	10:00	St. Paul	Arrival	From New York
1912	1	4	10:00	St. Paul	Departure	To New York
1912	1	5	10:00	St. Paul	Arrival	From New York
1912	1	6	10:00	St. Paul	Departure	To New York
1912	1	7	10:00	St. Paul	Arrival	From New York
1912	1	8	10:00	St. Paul	Departure	To New York
1912	1	9	10:00	St. Paul	Arrival	From New York
1912	1	10	10:00	St. Paul	Departure	To New York
1912	1	11	10:00	St. Paul	Arrival	From New York
1912	1	12	10:00	St. Paul	Departure	To New York
1912	1	13	10:00	St. Paul	Arrival	From New York
1912	1	14	10:00	St. Paul	Departure	To New York
1912	1	15	10:00	St. Paul	Arrival	From New York
1912	1	16	10:00	St. Paul	Departure	To New York
1912	1	17	10:00	St. Paul	Arrival	From New York
1912	1	18	10:00	St. Paul	Departure	To New York
1912	1	19	10:00	St. Paul	Arrival	From New York
1912	1	20	10:00	St. Paul	Departure	To New York
1912	1	21	10:00	St. Paul	Arrival	From New York
1912	1	22	10:00	St. Paul	Departure	To New York
1912	1	23	10:00	St. Paul	Arrival	From New York
1912	1	24	10:00	St. Paul	Departure	To New York
1912	1	25	10:00	St. Paul	Arrival	From New York
1912	1	26	10:00	St. Paul	Departure	To New York
1912	1	27	10:00	St. Paul	Arrival	From New York
1912	1	28	10:00	St. Paul	Departure	To New York
1912	1	29	10:00	St. Paul	Arrival	From New York
1912	1	30	10:00	St. Paul	Departure	To New York
1912	2	1	10:00	St. Paul	Arrival	From New York
1912	2	2	10:00	St. Paul	Departure	To New York
1912	2	3	10:00	St. Paul	Arrival	From New York
1912	2	4	10:00	St. Paul	Departure	To New York
1912	2	5	10:00	St. Paul	Arrival	From New York
1912	2	6	10:00	St. Paul	Departure	To New York
1912	2	7	10:00	St. Paul	Arrival	From New York
1912	2	8	10:00	St. Paul	Departure	To New York
1912	2	9	10:00	St. Paul	Arrival	From New York
1912	2	10	10:00	St. Paul	Departure	To New York
1912	2	11	10:00	St. Paul	Arrival	From New York
1912	2	12	10:00	St. Paul	Departure	To New York
1912	2	13	10:00	St. Paul	Arrival	From New York
1912	2	14	10:00	St. Paul	Departure	To New York
1912	2	15	10:00	St. Paul	Arrival	From New York
1912	2	16	10:00	St. Paul	Departure	To New York
1912	2	17	10:00	St. Paul	Arrival	From New York
1912	2	18	10:00	St. Paul	Departure	To New York
1912	2	19	10:00	St. Paul	Arrival	From New York
1912	2	20	10:00	St. Paul	Departure	To New York
1912	2	21	10:00	St. Paul	Arrival	From New York
1912	2	22	10:00	St. Paul	Departure	To New York
1912	2	23	10:00	St. Paul	Arrival	From New York
1912	2	24	10:00	St. Paul	Departure	To New York
1912	2	25	10:00	St. Paul	Arrival	From New York
1912	2	26	10:00	St. Paul	Departure	To New York
1912	2	27	10:00	St. Paul	Arrival	From New York
1912	2	28	10:00	St. Paul	Departure	To New York
1912	2	29	10:00	St. Paul	Arrival	From New York

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 二、本會之宗旨，在於促進會員間之交流與合作，共同發展。
 三、本會之組織，由會員大會、理事會及監事會組成。
 四、本會之經費，由會員繳納之會費及社會捐助組成。
 五、本會之活動，包括學術研討、座談會、展覽等。
 六、本會之服務，包括提供資訊、諮詢、培訓等。
 七、本會之榮譽，包括頒發獎狀、證書等。
 八、本會之紀律，包括對違規會員之處分。
 九、本會之修改，由會員大會決議。
 十、本會之終止，由會員大會決議。

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117 M. Close

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ASIA/PACIFIC

Forecast For Growth Is Cut Back

Bloomberg News
KUALA LUMPUR — The recovery of East Asian economies from the slump triggered by last year's collapse in currencies is only barely visible, and 20 Asia-Pacific economies will grow this year at a slower pace than was expected five months ago, a regional business organization said Wednesday.

"The world is teetering on the brink of a generalized recession," the council said in a summary. "The economic situation in 1998 for the region has deteriorated badly and is downright dismal."

Pacific Rim economies, among them Japan, Malaysia, China and the United States, will expand an average of 0.7 percent this year and 1.9 percent next year, said the Pacific Economic Cooperation Council. The group includes executives from Broken Hill Pty. of Australia and Citibank Commercial Bank in Taipei as well as a former U.S. senator, J. Bennett Johnston.

The group sees most of the affected countries except for Indonesia "basically hitting the bottom" around the end of the year or the beginning of 1999, said Steve Parker, senior research fellow at the Asian Development Bank Institute, a Tokyo-based think tank affiliated with the Asian Development Bank. "We forecast a weakening of the U.S. economy in 1999," he said, "and that will be an offset to the growth we see in Asia."

The analysis and comments were more pessimistic than those of the International Monetary Fund, which released its most recent predictions in September.

Singapore Aims to Cut Firms' Employment Costs

Compiled by Our Staff From Dispatches

SINGAPORE — The government laid out plans Wednesday to slash wages and reduce pension contributions as part of a program of 10 billion Singapore dollars (\$6.04 billion) in cost cuts aimed at re-energizing its shrinking economy.

The value of the cuts is equal to 7 percent of Singapore's gross domestic product. The centerpiece of the plan, developed by the Committee on Singapore's Competitiveness, a joint government and business group, is a 15 percent cut in total wage costs.

The goal is to reduce the cost of doing business in Singapore, especially for the electronics industry, which accounts for three-quarters of its exports. Singapore's competitiveness as a manufacturing base has eroded as other Asian currencies

have weakened by more than the Singapore dollar over the past 17 months, contributing to the economy's slide into its worst recession in 13 years.

"The cost of doing business in Singapore is higher relative to that of some countries in the region," and a pension cut "will help to close that gap," said Cecilia Pang, a spokeswoman for Hewlett-Packard Corp.

Employers including the government are now required to contribute 20 percent of a local employee's salary to the Central Provident Fund, with the employee putting in an equivalent amount to finance retirement, health and housing needs.

The competitiveness committee proposed that this be slashed to 10 percent. That cut alone would save

businesses an estimated 4 billion dollars in costs. Miss Pang said Hewlett-Packard alone would save 18 million dollars yearly as a result.

The committee also called for reductions in levies on foreign workers, lower land and factory rental charges by government-linked developers and managers of industrial parks, and reductions in utility charges.

It also urged the government, which will announce its response to the plan in a parliamentary debate this month, to reduce or extend rebates for corporate and personal income taxes in fiscal 1999.

"It is unavoidable that we have to cut these costs, even though it is painful," said Lee Yock Suan, Singapore's trade and industry minister who also is chairman of the competitiveness committee.

The committee gave no firm figures for expected savings from other cost-cutting proposals, indicating it was up to the government to work out measures to achieve the target amount and for utility companies to agree to lower their charges.

The panel rejected a depreciation of the Singapore dollar as a means of coping with lower business costs in neighboring countries.

"Our view is that it's better to have a stable Singapore dollar," Mr. Lee said, stressing the importance of preserving the assets of Singaporeans. He said cutting business costs was better than "tinkering with the exchange rate."

Stocks rose after the plan was announced. The Straits Times Index rose 5.53 percent to close at 1,236.82 points. (Bloomberg, AFP)

APEC Talks Start Ahead of Schedule

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Trade officials from Pacific Rim nations got off to a fast start on their "fast track" trade liberalization talks Wednesday, a day earlier than planned.

Officials from the Asia-Pacific Economic Cooperation forum's 18 member economies are struggling to reach a deal to free up trade in nine sectors.

But Japan has refused to join because of opposition from the fisheries and timber industries that are major allies of its governing party.

The senior officials, in Kuala Lumpur for meetings of trade and foreign ministers this week and a summit meeting next week, started their talks early because there was a lot to discuss, an official of Malaysia's Trade Ministry said.

APEC leaders agreed last year to set a timetable to cut tariffs and open up trade valued at about \$1.5 trillion in the following sectors: environmental goods and services, fisheries and fish products, forest products, telecommunications, medical equipment, energy, toys, gems and jewelry, and chemicals.

(Reuters, AFP)

E-MAIL: Companies Curb Messages

Continued from Page 13

fare language. That way you have fewer messages you have to worry about in the files.

E-mail is easily and often forwarded, copied and stored in perpetuity on everything from company backuptapes to personal Palm Pilots. The fact that people are disinclined to erase old e-mail has not been lost on lawyers, who routinely request e-mail as part of the discovery process in civil and criminal cases.

Robert Lipstein, a Washington-based antitrust lawyer, said a company's e-mail could be a treasure trove of evidence, "because that's when you catch people in their unguarded moments." Mr. Lipstein, who specializes in subpoenaing computer records from multinational corporations, added, "I've seen e-mail that makes me cringe."

The conflicting desires to engage in frank, private communication and to escape public accountability for it are by no means new. Corporations have for decades destroyed acres of files — albeit with the added incentive that paper takes up a lot of space.

And well before the first subpoena for a document, Socrates

warned that writing ideas down was a bad idea because, among other things, one could never know who might read them. Plato countered that a culture that had to commit everything to memory was limited in its intellectual possibilities.

The quandary of archived records, said Neil Postman, a professor of media studies at New York University, has been around "ever since phonetic writing became a critical part of Western culture."

"Every important new technology is a Faustian bargain," he added. Increasingly, employers are choosing censorship. More than 20 percent of the respondents in a survey by the American Management Association this year said that they monitored employee e-mail, compared with 15 percent who said they did so in 1997.

Bloomberg News, the financial news service, installed a system last month that searches e-mail for offending words. If it finds one, a warning pops up before the e-mail is sent. "This is inappropriate language to use in correspondence with any customer, and a copy of this message will be immediately sent to your superior."

Tokyo to Unveil Stimulus Plan

Bloomberg News

TOKYO — The governing Liberal Democratic Party plans to unveil record spending and tax-cut proposals Thursday, an estimated 20 trillion (\$1.634 billion) package designed to pull the world's second-largest economy out of recession.

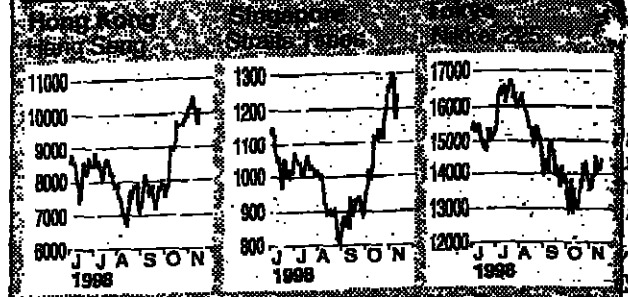
The stimulus plan, Japan's second this year and seventh since 1992, should be enough to get the economy moving, Hiroshi Kato, who heads Prime Minister Keizo Obuchi's tax advisory panel, said Wednesday.

Recovery in Japan is a prerequisite to any general turnaround in Asia, where many countries are mired in their deepest recessions in decades.

The Japanese plan is similar to previous efforts, a combination of increased public-works spending and tax cuts. One new element will be the distribution of gift certificates to millions of families to encourage them to buy consumer goods and prop up falling prices.

The party is likely to propose 10 trillion yen of spending and 7 trillion yen of tax cuts, government officials said. The plan is then to be submitted to a special session of Japan's Parliament this month.

Investor's Asia



Source: Yohoku

International Herald Tribune

Very briefly:

- Central Bank of China, Taiwan's central bank, lowered two interest rates by 125 basis points each, effective immediately. It was the third such reduction in four months, in an effort to ease credit and stimulate the economy.
- Malaysia plans to buy 11.2 billion ringgit (\$2.9 billion) in problem loans from 11 banks and finance companies, including MBF Finance Bhd. and RHB Bank Bhd., as it tries to aid its ailing banking industry.
- China shut its oldest sugar factory, in Heilongjiang Province in the northeast, after the factory accumulated debts totaling 700 million yuan (\$84.6 million) and losses of 570 million yuan. The closure of Heilongjiang Acheng Sugar Factory is the biggest state bankruptcy in China's 49-year Communist history.
- China's trade surplus for the first 10 months of this year was \$38.4 billion, up 7.8 percent from the same period last year. But the data showed no relief from an export slowdown that began in August. Exports grew 1.3 percent in the 10-month period, while imports fell 0.7 percent.
- The Philippines plans to sell bonds denominated in the euro, the single European currency that begins Jan. 1, to diversify the country's hard-currency holdings, its central bank said.
- Nissan Motor Co. is negotiating with Japan Development Bank over a loan, estimated at 100 billion yen (\$821 million), to help Japan's second-largest carmaker write off some of its high-interest debt.

Bloomberg, NYT, Reuters

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<p>101 ASIA PACIFIC BOND FUND Assets: \$1,234,567,890 YTD Return: 12.34% 12-Month Return: 15.67% 3-Year Return: 18.90% 5-Year Return: 21.23% 10-Year Return: 24.56% Assets Under Management: \$1,234,567,890 Fees: 1.23% Minimum Investment: \$1,000</p>	<p>102 ASIA PACIFIC EQUITY FUND Assets: \$987,654,321 YTD Return: 8.76% 12-Month Return: 10.98% 3-Year Return: 13.21% 5-Year Return: 15.43% 10-Year Return: 17.65% Assets Under Management: \$987,654,321 Fees: 1.56% Minimum Investment: \$1,000</p>	<p>103 ASIA PACIFIC MIXED FUND Assets: \$765,432,109 YTD Return: 9.87% 12-Month Return: 11.23% 3-Year Return: 12.56% 5-Year Return: 14.89% 10-Year Return: 16.12% Assets Under Management: \$765,432,109 Fees: 1.34% Minimum Investment: \$1,000</p>	<p>104 ASIA PACIFIC SMALL CAP FUND Assets: \$543,210,987 YTD Return: 11.23% 12-Month Return: 13.45% 3-Year Return: 15.67% 5-Year Return: 17.89% 10-Year Return: 19.12% Assets Under Management: \$543,210,987 Fees: 1.67% Minimum Investment: \$1,000</p>	<p>105 ASIA PACIFIC INTERNATIONAL FUND Assets: \$321,098,765 YTD Return: 13.45% 12-Month Return: 15.67% 3-Year Return: 17.89% 5-Year Return: 19.12% 10-Year Return: 21.34% Assets Under Management: \$321,098,765 Fees: 1.89% Minimum Investment: \$1,000</p>	<p>106 ASIA PACIFIC EMERGING MARKETS FUND Assets: \$109,876,543 YTD Return: 15.67% 12-Month Return: 17.89% 3-Year Return: 19.12% 5-Year Return: 21.34% 10-Year Return: 23.56% Assets Under Management: \$109,876,543 Fees: 2.12% Minimum Investment: \$1,000</p>	<p>107 ASIA PACIFIC HEDGED FUND Assets: \$876,543,210 YTD Return: 10.98% 12-Month Return: 12.34% 3-Year Return: 13.67% 5-Year Return: 15.00% 10-Year Return: 16.33% Assets Under Management: \$876,543,210 Fees: 1.45% Minimum Investment: \$1,000</p>	<p>108 ASIA PACIFIC DIVERSIFIED FUND Assets: \$654,321,098 YTD Return: 12.34% 12-Month Return: 14.56% 3-Year Return: 16.78% 5-Year Return: 18.90% 10-Year Return: 20.12% Assets Under Management: \$654,321,098 Fees: 1.78% Minimum Investment: \$1,000</p>	<p>109 ASIA PACIFIC GROWTH FUND Assets: \$432,109,876 YTD Return: 14.56% 12-Month Return: 16.78% 3-Year Return: 18.90% 5-Year Return: 20.12% 10-Year Return: 22.34% Assets Under Management: \$432,109,876 Fees: 2.01% Minimum Investment: \$1,000</p>	<p>110 ASIA PACIFIC INCOME FUND Assets: \$210,987,654 YTD Return: 8.76% 12-Month Return: 10.98% 3-Year Return: 12.21% 5-Year Return: 13.43% 10-Year Return: 14.65% Assets Under Management: \$210,987,654 Fees: 1.23% Minimum Investment: \$1,000</p>
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Deeper Than 'Deep Blue?' Firm Designs a Computer to Beat the Markets

SINGAPORE — With a computer many times more powerful than the one that defeated the world champion in chess, a company is using mathematical models to make investment decisions. "Our job is to beat the markets," said Yeong Wai Cheong, director of Man-Drapeau Research Pte.

The company is a joint venture between ED&F Man Investments Products, a unit of ED&F Man Group PLC, and Man-Drapeau Research, a U.S.-based research and investment company.

Using Indian equipment and a grant from Singapore, it is creating a supercomputer-based financial simulation facility.

Mr. Yeong said the recent collapse of hedge fund Long-Term Capital Management LP, which also used com-

plex calculations to determine where to put its money, had not affected his company's plans to use mathematical models to make investment decisions. "I have no idea what they used," he said. "But since we are probably in the same area of analysis, there is nothing wrong with mathematics."

Financial markets simulations are even more difficult than chess models, Mr. Yeong said, because the financial scenarios that a computer must assess are limitless.

But he said the company had assembled 30,000 databases containing information on every transaction on the New York Stock Exchange and in futures markets worldwide.

That creates a database of about 100 gigabytes, "which is, we are told, one of the largest" in the world, Mr. Yeong

said. "Just to research this data requires a supercomputer," he added.

The International Business Machines Corp. chess computer Deep Blue, which defeated Garry Kasparov in 1997, could churn 200 million chess positions a second.

Man-Drapeau Research has a peak

'Just to research this data requires a supercomputer.'

computing power of 10 gigaflops, or the means of executing 10 billion calculations a second. It is linked to a 100-gigaflop machine in the Indian city of Pune that was built by the Indian government's Center for Development of Advanced Computing.

Man-Drapeau Research recently received a grant from the Singapore government to support its research into low-risk, consistent-return investments.

The company says it hopes the combined resources will help it build one of the largest supercomputing networks in the world dedicated to financial simulations.

"We are in an expansion phase," Mr. Yeong said. "The model works for certain million of dollars under management. But to get to the next level, we will have to research more markets."

Man-Drapeau Research is managing about \$200 million in investments and plans to quintuple its holdings within the next two years, he said.

Donald Drapeau, the company's president, said he had been drawn to financial simulations by the way markets worked.

"I saw a trend," he said, "following organizations entering into markets like a herd of horses all at the same time — and then typically all exited."

"I thought there had to be a more risk-averse way of trading."

Mr. Drapeau said he had developed a model and used it to generate an annualized return of 13 percent over the past six years, with the worst setback not exceeding 5 percent.

But the model could handle only short-term trading, limiting investments to highly liquid markets.

"We want to be able to exit trades almost spontaneously," he said.

Man-Drapeau Research will not invest in a market where a significant trend is already at work, Mr. Yeong said.

"But when markets fall into a trading range," he said, "we tend to capitalize

on these short-term fluctuations. We are looking at some form of a reversion to the mean."

All mathematical models, he added, need people to make final decisions.

Models can be wrong, he acknowledged, "but if you were leveraging out in a very big way," a small error, something not depicted by the model, could be magnified.

"The magnification is not due to the model," he added. "It's due to the human being."

Stanley Fink, managing director at ED&F Man Investment Products, said Long-Term Credit Management had some positions equivalent to 400 days' trading in an investing instrument.

A trader, Mr. Fink added, should never take too big a position in any single investment.

Wall Street Edges Closer to Electronic Trading

By Ianthe Jeanne Dugan
Washington Post Service

NEW YORK — Wall Street has taken another step toward electronic trading with a plan by a consortium of brokerages for a cyberspace-based exchange that will handle trading in options and eventually in stocks too.

The new venture, called the International Securities Exchange, is the brainchild of William Pater, founder of E-Trade Group Inc., who enlisted Compaq Computer Corp. and a number of brokerage firms to participate. The business, which was outlined Tuesday, is to begin trading 600 stock options in January 2000 and eventually expand into small-fledged equities exchange.

"The millennium is here, but in many ways Wall Street is very archaic," said David Krell, a former New York Stock Exchange executive who is the International Securities Exchange's chief executive. "We're creating an exchange that is far more efficient."

The venture is part of a broader move on Wall

Street away from a people-intensive system — a trend already transforming markets in Europe.

Quotes — offers to buy or sell an option at a specific price — will be entered into the electronic system by market makers. Individual investors will place orders on-line to their brokers, who will execute the trades, bypassing floor brokers found

The trend is already transforming many markets in Europe.

at the traditional exchange. The main conduit for options — contracts to buy and sell stocks for a set price at a later date — has been the Chicago Board Options Exchange, which was formed in 1973. The American and Pacific exchanges also trade options.

But some brokers and dealers have complained about the high costs of transactions, and over the past two years they have banded together to increase competition. At least two other ventures

similar to the International Securities Exchange are expected by the industry to be announced soon.

The International Securities Exchange is promising faster and cheaper transactions and says it has agreements with brokers who handle 120,000 options contracts a day. "This will lower everyone's costs," said Michael Schwartz, chief options strategist for CIBC Oppenheimer & Co.

The Chicago Board Options Exchange says it has within its massive granite building more computer screens under one roof than anywhere else in the world and more than 4,000 telephone lines.

That exchange has been preparing for the competition, giving customers the ability to buy and sell via their home computers, and it said it would increase its own electronic trading from 25 percent to 40 percent of its orders.

William Brodsky, chairman of the Chicago Board Options Exchange, responding to the announcement in New York, told his members: "This signals new and intensified competition on the technological front. It is a battle we take seriously — and one we intend to win."

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ART BUCHWALD

For the Next 100 Years

NEW YORK — The big news from the rat labs is that scientists are on the verge of the biggest breakthrough in the history of mankind. They are developing living cells that will replace sick ones in the body, which will guarantee longer lives for centuries to come.

What causes bad things to happen to good people is that diseased cells attack the good ones. So in the future, no one will know how long everyone on Earth will be on Social Security.

The fact that immortal cells are around the corner forces us to face up to some difficult decisions.

One is: If everyone is going to be alive, with whom do we want to spend our September golf years?

There are many people we would be just as happy to say good-bye to when they hit their seventies and eighties. The idea of sitting on a porch and listening for the 100th

time to someone talking about his grandchildren's gerbils is more than many folks could bear.

Elgard, in our poker-playing crowd, said that no matter what cells are used, he never wants to live as long as his mother-in-law. He said his reason for this is that his mother-in-law has always said that no matter what age he reached, he would never amount to anything.

Glower felt the same way about his relatives. "I don't think you should keep alive the people you can't stand right now."

It's a dicey decision and one the living will have to face up to. It isn't a question of which person you keep alive, but what kind should stay here in the first place. The scientists predict that, like the atomic bomb, once the cells are developed we will have to use them.

My suggestion is that you make a list of all the people you are willing to spend your next 100 years with and decide if the cells are worth it. I believe the list will be a lot shorter than anyone thinks.



Buchwald

PEOPLE

THE staff and some patrons at a restaurant in Manhattan got a chewing out from Monica Lewinsky, the Daily News reporter. Witnesses said the former White House intern was furious when the couple at the next table laughed as she talked on her cell phone at Gino's on the Upper East Side. "Do you find this funny?" Lewinsky reportedly barked.

Is Romance Abloom?

NEW YORK TIMES SERVICE — President Carlos Saul Menem returned from London last week without making any progress toward his goal of retaking the Falkland Islands. But if the gossip columns here are on to something, he may eventually come away with something else: a British son-in-law, none other than Prince Andrew.

Never mind that Andrew, Queen Elizabeth's second son, served as a helicopter pilot in the Falkland war. Never mind that Menem's only child, Zulema Maria Eva, is Muslim and was named in part for Eva Peron, who hated all things English. And never mind that the prince and Ms. Menem need an interpreter to communicate. These are, after all, only rumors.

"As a matter of fact, I do," the neighbor reportedly replied. Lewinsky and her luncheon companion reportedly her mother, Marcia Lewis, then tried to leave. But when she noticed a photographer at the door, she marched back inside and upbraided the staff, the witnesses said. The fit may have raised eyebrows, but it satiated the curiosity of those who had never heard her voice. "She sounds normal, not like a little girl's voice," said Ginny Clarke, who works at a Manhattan law firm. "She has a mature voice, but not deep."

Mick Jagger wants his 14-year-old daughter to give up her modeling career and stick to her homework, says his wife, Jerry Hall. Some fashion writers wondered if Elizabeth Jagger was old enough to be on the catwalk when she appeared in shows this summer. In an interview in the magazine Harpers and Queen, her mother said Jagger was "furious" about Elizabeth's modeling, saying she certainly doesn't need the money.

Dustin Hoffman will be honored by the American Film Institute next February with its 1999 life achievement award. The Academy Award-winning actor joins a prestigious few who have received the award, including Frank Capra, Alfred Hitchcock, James Stewart, James Cagney, Bette Davis, Jack Nicholson and Fred Astaire.

Hip, Schmip. Consarn It, It's Great to Be 50!

By Dave Barry

I AM not going to whine. Yes, I have turned 50. Yes, this is an age that I used to consider old. Not middle-aged, like Dick Van Dyke and Mary Tyler Moore in "The Dick Van Dyke Show," but actually old, like Walter Brennan as Grandpa Amos in "The Real McCoys," limping around cluelessly in a pair of bib overalls and saying things like "Con-SARN it!"

But I do not choose to dwell on the negative. I choose to be an optimist, like the great explorer Christopher Columbus, who had a dream that he could sail a ship all the way across the Atlantic Ocean. People said he was crazy, but Columbus did not know the meaning of the word "discouragement." (He also did not know the meaning of "nostalgia" or "weasel," because he spoke Italian.)

And so Columbus boldly set out and discovered the New World, and then he went back to Europe, where he died in obscurity at age 55, which is only five years older than I am right now. OH GOD! MY LIFE IS OVER!

No, scratch that. I am not going to dwell on such things, nor am I going to mention the fact that when you get to this age, you discover random hairs sprouting from unexpected sectors of your body, so that you find yourself asking questions like: Did I remember to pluck my ears?

And I am not going to even mention the word "prostate."

Instead, I'm going to talk about the good things that happen to you when you turn 50, such as . . .

O.K., give me a minute here . . . All right, here's one: You can't read anything. At least I can't. Actually, this started happening when I was 48; I started noticing that when I tried to read restaurant menus.

At first I thought that this had nothing to do with me — that, for some reason, possibly to save ink, the restaurants had started printing their menus in letters the height of bacteria: all I could see was little blurs. Not wishing to draw attention to myself, I started ordering my food by simply pointing to a likely looking blur.

ME (pointing to a blur): I'll have this.

WAITER: You'll have "We Do Not Accept Personal Checks?"

ME: Make that medium rare.

Pretty soon I started noticing that everything I tried to read — newspapers, books, nasal-spray instructions, the United States Constitution — had been changed to the bacteria-letter format. I also discovered that, contrary to common sense, I could read these letters if I got farther away from them. So for a while I dealt with the situation by ordering off the menus of people sitting at other tables.

"I'd like to order some dessert," I'd tell the waiter. "Please bring a menu to the people at that table over there and ask them to hold it up so I can see it."

Eventually I had to break down and buy those reading glasses that are cut low so you can peer over the top. The first time you put on a pair of those is a major milestone in your life. Because there is no question about it: This is the start of your Senior Citizenship.

You find that with your reading glasses on you behave differently.

You become crotchety and easily irritated by little things, such as when the supermarket runs out of your preferred brand of low-fat, low-sodium, vitamin-fortified, calcium-enriched, high-fiber, non-meat "breakfast links" made from tofu and compressed cardboard. You become angry at the radio because it keeps playing songs you hate, which is a LOT of songs, because you basically hate every song written since the Beatles broke up, and you're sick of the Beatles, too, because you've heard every one of their songs 900 million times on "oldies" radio, which is all you've listened to for over 20 years.

But the inability to read is not the only good thing about turning 50. There's also the fact that you've reached the point in life where you

that were in fact hip and the ones that were just stupid.

For example, do you remember the period — I think in the Seventies — when some guys would turn up the collars on their sports jackets? The first time I saw this look — it was on a guy in an elevator in New York City — I thought it was a mistake, and I told the guy, as a friendly gesture, "Your jacket collar is up." He looked at me as though I were a manure-encrusted pig farmer who had just told him that ice was actually frozen water.

"I know," he said. After that, I started seeing a lot of guys with their collars up, and I realized that it was a trend. I wondered: Should I be doing this? When I was young and hip — when it was a question of wearing bell-bottomed jeans, or growing my hair long, or smoking banana skins to

Yes, there are some real benefits to turning 50. And that's going to be the theme of this book: It's going to be a celebration of the aging process. I'm not talking about just my aging process, but that of the whole massive Baby Boom Generation — the millions and millions of us who were born in the postwar era and went on to set a standard for whiny self-absorption that probably will never be equalled.

But dammit, we have a lot to be self-absorbed about. Oh, sure, we had a pretty impressive act to follow. Our parents' generation overcame the Great Depression, won World War II, and went on to build the greatest and most powerful nation this planet has ever seen. But look at the many accomplishments that we Baby Boomers can point to: "Saturday Night Live"! The New Age movement! Call waiting!



Richard Anderson/ITT

QUIZ: HOW OLD ARE YOU?

1. Describe your family's first TV set.

a. It was a huge wooden cabinet with two big knobs and a teeny screen featuring a black-and-white picture that I rarely saw because my dad was always standing in front of it adjusting the rabbit ears and saying bad words.

b. It was a Sony.

2. Who was featured on your first lunchbox?

a. Davy Crockett.

b. Vanilla Ice.

3. Do you remember Howdy Doody?

a. Of course.

b. You are making that name up.

4. Who was the first living U.S. president you were aware of?

a. Harry Truman.

b. Vanilla Ice.

5. Did you ever, personally, own a 78 r.p.m. record?

a. Yes.

b. A what?

6. Did you, later on, own a whole batch of 45 r.p.m. records that you wrote your name on the labels of and kept in a carrying case that had a handle? And you put little plastic inserts in the holes?

a. Yes.

b. Why did you need little plastic inserts for the holes?

7. Have you ever thought that "Beavis and Butt-Head" is funny?

a. No.

b. Yes, I am always amused when they burp and go heheheheh.

8. Do you remember when there were no area codes? And there was only one gigantic Soviet Union-style telephone company? And all the phones were black and they belonged to the phone company and if you wanted to get a new one you had to wait in your house like a prisoner for days at a time until the phone company, taking its sweet time, decided to install one, as opposed to now, when they sell telephones at drugstores, as if they were breath mints? And do you remember a time when you weren't incessantly bombarded with advertising about your long-distance options, because there WEREN'T any long-distance options? And phone numbers had letters at the beginning, reflecting your area of residence, such as (in my personal case) AR Monk 3, 3119, which made the number easier to remember?

a. Yes.

b. You're saying there didn't used to be area codes?

9. Do you remember when pop singing stars with major hit records would go on TV shows — most notably Dick Clark's "American Bandstand" — and the teenagers (the girls wearing sweaters, the boys wearing skinny ties) would dance the Stroll while the stars would lip-synch their records hilariously badly, as though they were hearing the songs for the first time?

a. Yes.

b. Dick Clark? The sweepstakes guy?

10. Do you remember when "boss" was a popular slang term denoting approval, as in "Duane got a boss GTO"?

a. Yes.

b. That is pathetic.

11. Who was Wimpy Dink?

a. A cartoon character that you got out of trouble by drawing lines on a plastic thing you put on your TV screen.

b. I'll agree with "a" on this one.

c. Hey! That's cheating!

12. Where were you the first time you heard the Beatles?

a. In a station wagon.

b. In a fallopian tube.

13. Did you ever experiment with drugs?

a. No.

b. No.

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(take in a rock show)

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